GREAT SOUTHERN
BANCORP, INC.

2015

ANNUAL REPORT FOR SHAREHOLDERS

THE *art* & SCIENCE

ANNUAL MEETING

The 27th Annual Meeting of Shareholders will be held at 10:00 a.m. CDT on Wednesday, May 4, 2016, at the Great Southern Operations Center, 218 S. Glenstone, Springfield, Mo.

CORPORATE PROFILE

Great Southern Bank was founded in 1923, with a $5,000 investment, four employees and 936 customers. Today, it has grown to $4.1 billion in total assets, with nearly 1,300 dedicated associates serving 169,000 households.

Headquartered in Springfield, Mo., the Company operates 114 offices in eight states, including 110 retail banking centers in Missouri, Arkansas, Iowa, Kansas, Minnesota and Nebraska, three commercial loan offices in Dallas, Texas, Tulsa, Okla., and Overland Park, Kan., and one home loan office in Springfield, Mo. Great Southern offers one-stop shopping with a comprehensive lineup of financial services that give customers more choices for their money. Customers can choose from a wide variety of checking accounts, savings accounts and lending options. With the understanding that convenient access to banking services is a top priority, customers can access the bank when, where and how they prefer, whether it's through a banking center, an ATM, Online Banking, Mobile Banking, or by telephone.

STOCK INFORMATION

The Company's Common Stock is listed on The NASDAQ Global Select Market under the symbol "GSBC."

As of December 31, 2015 there were 13,887,932 total shares of common stock outstanding and approximately 2,000 shareholders of record.

The last sale price of the Company's Common Stock on December 31, 2015 was $45.26.

HIGH/LOW STOCK PRICE

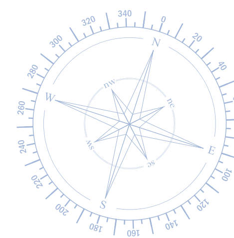
	2015		2014		2013	
	High	Low	High	Low	High	Low
First Quarter	$40.44	$35.10	$31.00	$26.95	$27.34	$23.31
Second Quarter	42.95	37.44	32.25	28.00	28.00	22.60
Third Quarter	43.42	37.54	33.77	29.53	31.00	25.71
Fourth Quarter	52.94	42.11	40.28	29.80	31.23	25.87

DIVIDEND DECLARATIONS

	2015	2014	2013
First Quarter	$.20	$.20	$.18
Second Quarter	.22	.20	.18
Third Quarter	.22	.20	.18
Fourth Quarter	.22	.20	.18

CORPORATE HEADQUARTERS

1451 E. Battlefield
Springfield, MO 65804
(800) 749-7113



MAILING ADDRESS

P.O. Box 9009
Springfield, MO 65808

DIVIDEND REINVESTMENT

For details on the automatic reinvestment of dividends in common stock of the Company, call Computershare at 800-368-5948, (outside of the U.S. 781-575-4223), or visit computershare.com.

FORM 10-K

The Annual Report on Form 10-K filed with the Securities and Exchange Commission may be obtained from the Company's website, GreatSouthernBank.com, the SEC website or without charge by request to:

Kelly Polonus
Great Southern Bancorp, Inc.
P.O. Box 9009
Springfield, MO 65808

INVESTOR RELATIONS

Kelly Polonus
Great Southern Bank
P.O. Box 9009
Springfield, MO 65808

AUDITORS

BKD, L.L.P.
P.O. Box 1190
Springfield, MO 65801-1190

LEGAL COUNSEL

Silver, Freedman, Taff and Tiernan, L.L.P.
3299 K St., N.W., Suite 100
Washington, DC 20007

Carnahan, Evans, Cantwell & Brown, P.C.
P.O. Box 10009
Springfield, MO 65808

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N. A.

Shareholder correspondence:
Computershare
P.O. Box 30170
College Station, TX 77842-3170

Overnight correspondence:
Computershare
211 Quality Circle, Suite 210
College Station, TX 77845

Hearing Impaired # TDD: 1-800-952-9245

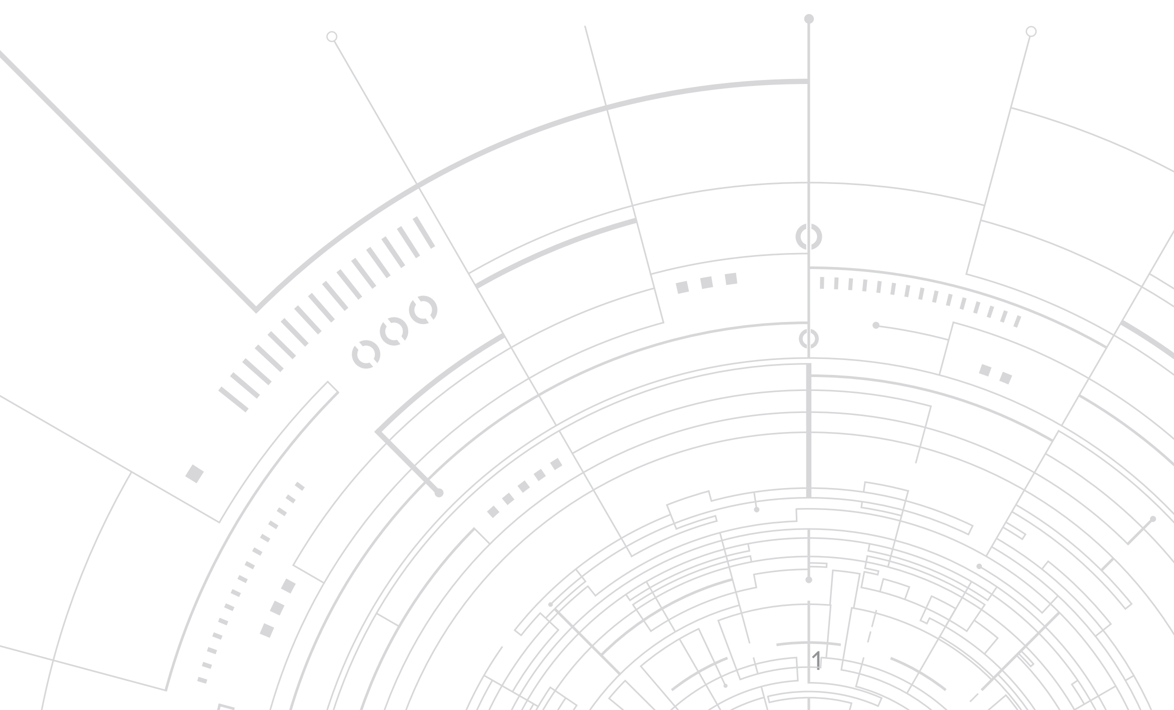
computershare.com

to our shareholders

A LOOK AT THE *art* & SCIENCE BEHIND GREAT SOUTHERN

Another year is behind us, and like every year in our 93-year history, 2015 was filled with priorities including serving our customers with the goal to exceed their expectations, evaluating and optimizing our various operating platforms to ensure efficiency and effectiveness, and fine-tuning our strategy for the years ahead as uncertainty in the economic landscape continues. Our team of nearly 1,300 associates enthusiastically executed our objectives and made 2015 a successful year for our Company. This annual report will give you a good overview of some of the Company's initiatives in 2015 that contributed to our success to build winning relationships with our customers, associates, shareholders and communities.

OUR SUCCESS in building winning relationships with our customers in 2015 was underscored by healthy increases in customer deposits and commercial and consumer loan balances from our entire eight-state franchise. This growth reflects our efforts to maximize business opportunities inherent in the footprint we assembled over the last seven years. As you'll recall, we participated in five FDIC-assisted transactions from 2009 through 2014, which put us into four new states with a presence in many attractive metropolitan market areas. Potential for attracting and deepening our customer base in these markets is significant; we're working hard to tap into these opportunities for growth.



RELATIONSHIPS INCREASED in 2015 with new and existing commercial and consumer loan customers. Net loan growth (excluding acquired covered and non-covered loans and mortgage loans held for sale) increased $397.3 million, or 15.3%, from the end of 2014 to the end of 2015. Loan growth came from throughout the Company's footprint and was primarily related to commercial real estate, consumer, commercial construction and multi-family residential loans. We were pleased with our strong loan growth in 2015, despite price pressures and other competitive forces prevalent in the industry. Our underwriting standards remain conservative and decisions are primarily centralized. The loan portfolio mix continues to change favorably over time and is more diversified by loan type and geography than ever before.

CREDIT QUALITY CONTINUED TO IMPROVE in 2015. We are focused on credit quality and are pleased that our level of classified assets decreased in 2015. Since the end of 2014, overall credit quality improved with an $11.9 million, or 17%, decrease in non-performing assets and potential problem loans, excluding those acquired from the FDIC. Non-performing assets were $44.0 million, or 1.07% of total assets at December 31, 2015, compared to $43.7 million, or 1.11% of total assets at December 31, 2014. Total net charge-offs were $5.8 million for each of the years ended December 31, 2015 and 2014. Other real estate owned decreased significantly in 2015.

TOTAL DEPOSITS GREW by nearly $280 million, or 9.3%, from the end of 2014 to the end of 2015. Even with strong competitive forces, we experienced increases in nearly every category of deposits, including a $168 million increase in core deposits. We also grew our wholesale deposit balances by approximately $112 million during the year to fund loan growth. Our deposit mix is a source of strength with checking and savings accounts representing approximately 61% of the deposit base and retail certificates of deposit representing approximately 31% of the deposit base.

OPTIMIZING OUR BANKING CENTER NETWORK is an ongoing priority. Our banking center network is never static and we expect our network to evolve in response to changes in customer needs and preferences, new and emerging technology and local market developments. This means from time to time we'll enter a new market or expand in an existing one if it makes long-term strategic sense to do so. Likewise, we will exit a market or reduce our market presence if conditions warrant so that we can reallocate those resources to improve overall effectiveness of operations. In 2015, we engaged in both optimization scenarios; we expanded our presence in certain markets and made the very difficult decision to consolidate banking centers which were underperforming.

Two new banking centers were opened in 2015. We opened our first banking center in Columbia, Mo., the home of the University of Missouri and a growing market serving as a regional medical hub and home to several large corporations. The other banking center was opened in Overland Park, Kan., which also houses the Kansas City commercial and retail loan headquarters. The Kansas City Commercial Banking Group moved from its former location in a nearby office complex in Overland Park.

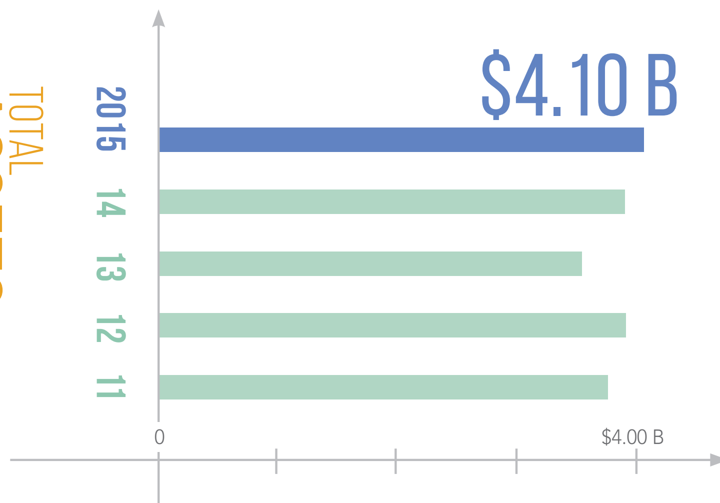
In the St. Louis market, a strategic opportunity presented itself in 2015 that allowed the Company to more than double its St. Louis-area banking center footprint and nearly double the customer deposit base. Great Southern has served the St. Louis market since 2005, when we opened a loan production office. We began expanding our presence in the market in 2009, when we opened our first banking center and gradually grew the number of banking centers to eight in the area. Thanks to our exceptional team of associates in the market, we have developed significant commercial and retail customer relationships over the years with prospects to do even more business, but our limited market coverage proved to be an obstacle. In 2015, a branch acquisition opportunity in the St. Louis area came our way that offered an attractive deposit customer base,

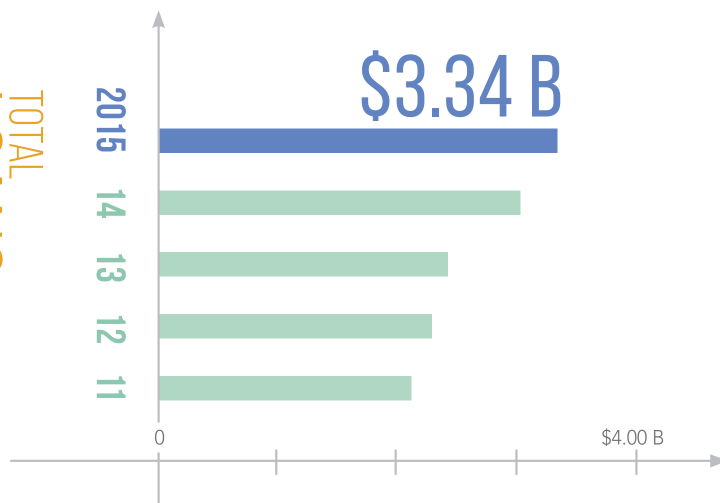
and significant market coverage. We agreed to acquire 12 branches and related deposits and loans in the St. Louis area from Cincinnati-based Fifth Third Bank. The acquisition was completed in January 2016, and at that time represented approximately $228 million in deposits and $159 million in loans. It increased the Company's St. Louis-area banking center total from eight to 20 offices, with approximately $556 million in loans and approximately $489 million in deposit accounts. We look forward to the opportunity in 2016 and beyond to grow these new and existing relationships.

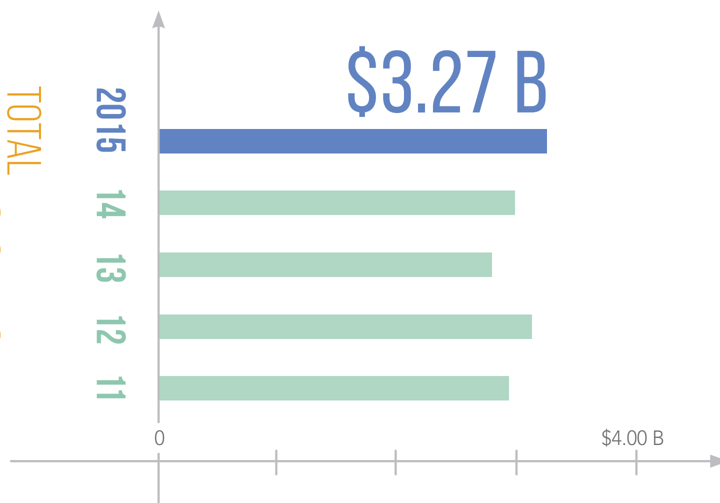
Also in 2015 and unrelated to the St. Louis branch acquisition, we announced plans to consolidate operations of 16 banking centers into other nearby Great Southern banking center locations. These offices were identified as part of an ongoing performance review of our entire banking center network. Subsequent to this September 2015 announcement, the Bank entered into separate agreements to sell two of the 16 banking centers, including the associated deposits. The offices in Thayer, Mo., and Buffalo, Mo., were sold to separate financial institutions during the first quarter of 2016. The closing of the remaining 14 facilities occurred in January 2016. Of these 14 consolidated banking centers, nine were in Missouri, four were in Iowa and one was in Kansas. Nine of these banking centers were acquired as part of various FDIC-assisted acquisitions.

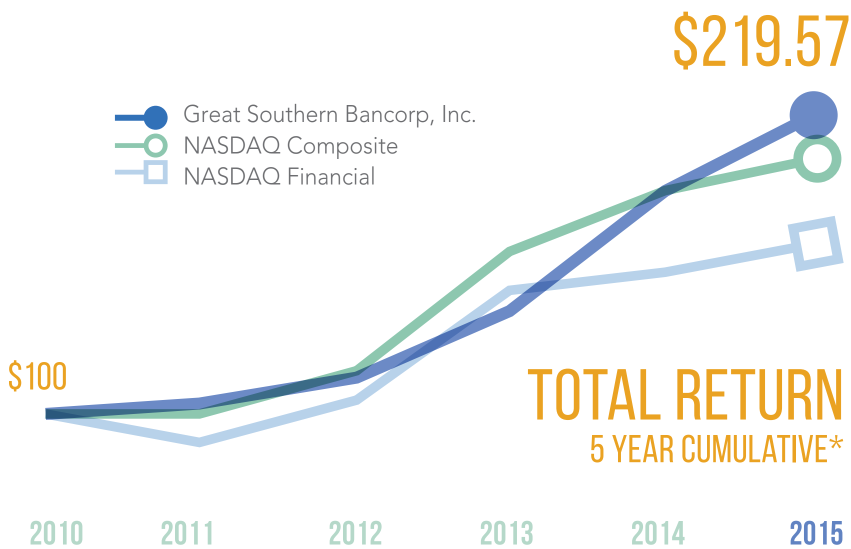
TECHNOLOGY REMAINS KEY.

While we are focused on fine-tuning the banking center network, we are also concentrating on other service access channels that customers prefer today, and just as importantly, in the future. Serving our customers how, when and where they prefer

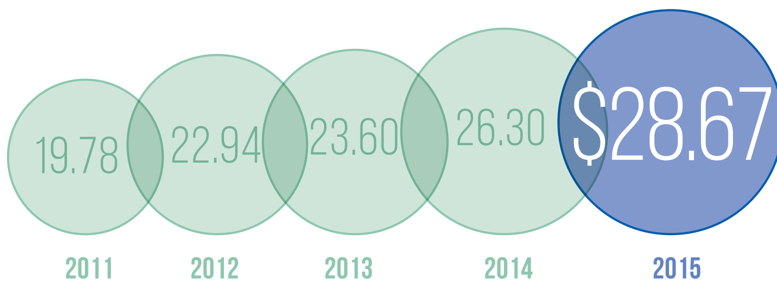


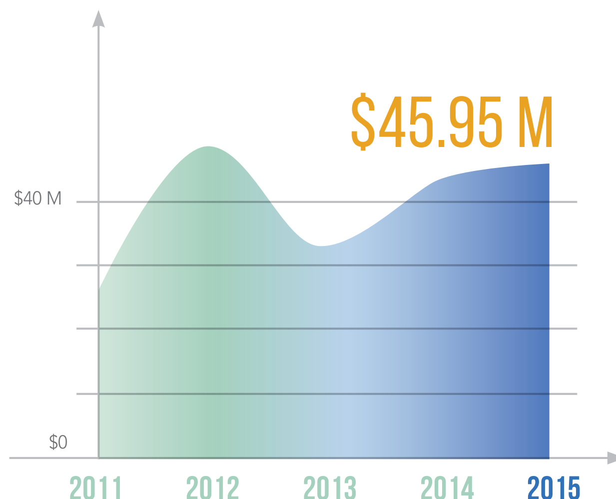






* The graph above compares the cumulative total stockholder return on GSBC Common Stock to the cumulative total returns of the NASDAQ U.S. Stock Index and the NASDAQ Financial Stocks Index for the period from December 31, 2010 through December 31, 2015. The graph assumes that $100 was invested in GSBC Common Stock on December 31, 2010 and that all dividends were reinvested.





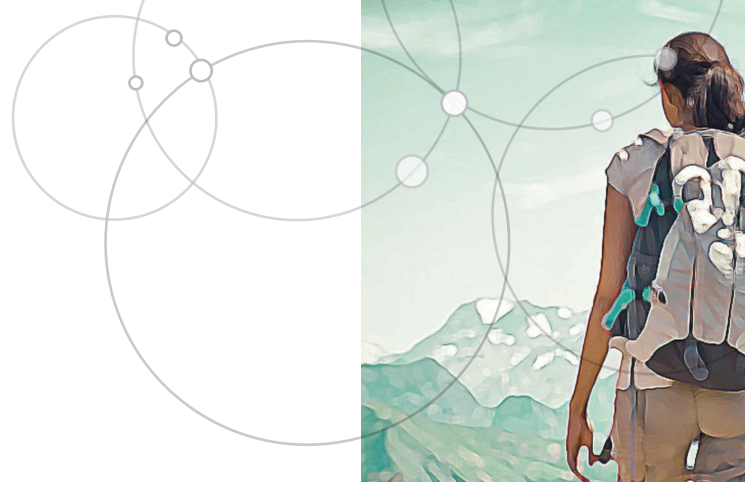
and doing so efficiently is vital to our ongoing success. With the constant advent of new technology and the societal push to have everything available 24/7, in real time and as easy as a finger tap, we are in the throes of a fast evolution of how customers can digitally access their banking services through smart phones and tablets. Customer preferences constantly change and the challenge is how to address these preferences when individual customer desires change at varying degrees and speeds. It's a balancing act, especially with the fast pace of technological developments. In 2015, we experienced double-digit percentage growth in our number of mobile app users. Usage of Mobile Check Deposit and Text Banking also experienced double-digit percentage growth. We fully expect this growth trend to continue in the coming years as more and more customers discover the ease and simplicity of mobile banking services. Our mobile customers experienced improvements in our mobile app platform in 2015, with more functionality including touch ID at log in. We also introduced the popular Debit On/Off service, which enables customers to remotely activate and deactivate their debit cards. This functionality allows customers to respond quickly to a potentially lost or stolen card, significantly reducing the possibility of fraudulent transactions and other inconveniences.

Another way we'll begin using industry technological advances is by deploying live teller machines (LTM) in a number of locations. In 2015, we began early-stage testing of LTMs, which offer customers the benefit of utilizing either self-service solutions or a highly personalized, two-way audio/video interaction to fulfill their banking needs at an ATM. In-branch

and off-premise LTMs are being considered.

The digital age brings many conveniences, but it also brings cybersecurity risk to the forefront. Cybercrime has become a growing industry concern, and we strive to stay well ahead of potential threats and challenges. We are investing in technologies to continuously ensure the safeguarding of our Company's information technology infrastructure and protect our customers from attack and intrusion.

FINANCIAL RESULTS WERE SOLID in 2015, thanks to the hard work of our nearly 1,300 associates. Our earnings and capital remained strong. Net income available to common shareholders for 2015 was $45.9 million, or $3.28 per diluted common share, compared to $43.0 million, or $3.10 per diluted common share for 2014. Our core net interest margin (excluding loss share accretion) was relatively stable at 3.76% for the year ended December 31, 2015, as compared to 3.83% for 2014. We experienced some margin compression due to the sustained low interest rate environment; the average interest rate on loans decreased while the average interest rate on deposits increased slightly. The Company ended the year with assets of $4.1 billion. Total stockholders' equity was $398.2 million at December 31, 2015, or 9.7% of assets, equivalent to a book value of $28.67 per common share. In December 2015, we redeemed all of the outstanding shares of our preferred stock issued to the Treasury's Small Business Lending Fund. In 2015, the Company also paid out total dividends of $0.86 per common share. Consecutive quarterly dividends have been paid to common shareholders since 1990.



2016 & BEYOND

In 2016, our strategic direction is straightforward and similar to our 2015 objectives. We are optimistic about our prospects as we leverage our expanding franchise. Key priorities in 2016 include attracting new customers and deepening relationships with existing customers, managing interest rate risk, sustaining a strong credit discipline, maintaining strong capital and appropriate liquidity levels, and investing in our communities. Mergers and acquisitions in the banking industry are on the rise and potential acquisition opportunities will likely come our way. We remain open to growing by acquisition, but we continue to be conservative in our approach. We will only consider open bank deals that we believe provide an acceptable long-term return to our shareholders.

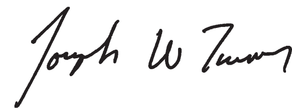
We believe that 2016 will be a challenging year for the banking industry with economic uncertainty and an unpredictable interest rate environment. It is difficult to predict when the next significant economic downturn will occur, but we are mindful of this possibility at any time. We have a vivid memory of the Great Recession and learned valuable lessons; one lesson being that banks can get in trouble even in good times. With that, we will keep our conservative underwriting approach and not stretch on price or structure just to make deals in a very competitive environment.

We look forward to a great 2016 and will strive every day to build winning relationships with our customers, associates, shareholders and communities. As we move ahead, we pledge to keep the long-term success of the Company and the long-term interests of our shareholders in mind. We want to thank our associates for their tremendous focus and effort over the past year; our customers for giving us the opportunity to serve their needs; and our shareholders for your continued confidence in the future of our Company. We also owe a debt of gratitude to our Board of Directors for their guidance, engagement and leadership.

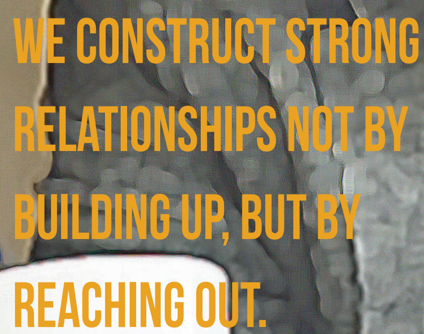
We invite your feedback at any time.

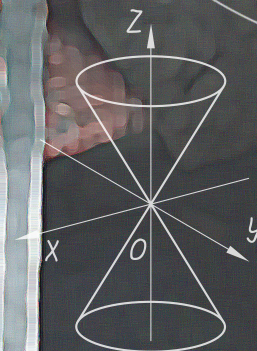
Sincerely yours,

William V. Turner



Joseph W. Turner


WE CONSTRUCT STRONG
RELATIONSHIPS NOT BY
BUILDING UP, BUT BY
REACHING OUT.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creating CONNECTIONS

There is nothing more vital to our continued success than strong relationships, and our mission reflects this philosophy. Forming these alliances isn't easy though. It's a fine art that takes repeated effort by dedicated associates over time. Not all relationships are the same, but all are important, and each one plays a larger role in creating a successful community.

> *"Our mission: to build winning relationships with our customers, shareholders, associates and communities."*

building PROSPERITY

A perfect example is the Glarner family in St. Louis, Mo. with whom we've had the privilege of assisting in many projects, including a large commercial loan commitment for the Northwest Plaza redevelopment.

Located in St. Ann, Mo., the purpose of the Northwest Plaza redevelopment project is to revitalize and completely renovate the buildings at the former shopping mall. It brings opportunities for several retailers and restaurateurs to make a home in the area, and also includes office buildings that already have commitments from large nationwide corporations. While the project is still ongoing, it is expected to bring more than 5,000 jobs to the area when complete. This economic revitalization project is exactly the kind we're excited to be involved with, as it benefits not only our Company, but our community.

EXPANDING OUR FAN BASE *in Missouri*

In 2105, we opened our first banking center in Columbia, Mo., home to the state's flagship university, the University of Missouri. Also in 2015, we significantly expanded our relationship with the University with a comprehensive partnership with Mizzou athletics. Working with MU allows us to have a unique connection with our customers across the entire state. The added benefit of the University's central location helps us reach alumni in all areas of the state and also allows our customers to send their children to school at MU with the comfort of knowing that we can serve their banking needs locally.

Our partnership with MU Athletics includes a branding presence at Faurout Field and Mizzou Arena, radio advertising with state-wide coverage, digital advertising at MUTigers.com, and many more benefits. We're already seeing good results from our exposure and look forward to the future as our Missouri footprint continues to grow.

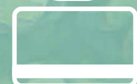
Our "GS Basics" campaign highlighted our mobile and online services with the simple, yet powerful message that customers can bank "anywhere, anywhen."

ONLINE BANKING

MOBILE APP

TEXT BANKING & ALERTS

MOBILE CHECK DEPOSIT



DEBIT ON/OFF

INSTANT ISSUE

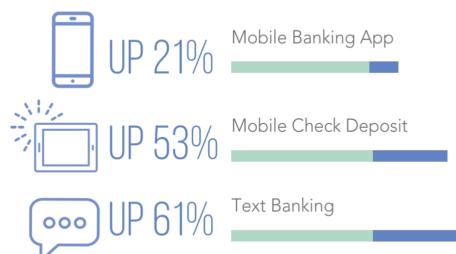
designing THE FUTURE

Effective use of technology is an art form that requires a delicate balance between ease of use and functionality. If you make it too difficult for your customers to use, they'll abandon it completely. If you don't make it useful enough, it won't offer any added value. We continually work to improve our products and services with this balance in mind.

MOBILE NOW THE NORM

2015 was a big year for mobile banking. For the first time ever, it was used more frequently than branch banking, according to a long-term study released by JAVELIN. One in 10 U.S. adults used mobile banking for the first time in 2015, amounting to 25 million new mobile banking users.

We experienced impressive growth with our mobile products in the past year, as customers continued to become more familiar with online and mobile banking methods.



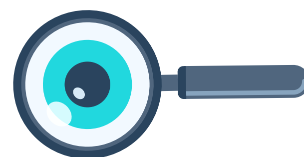
As focus on mobile services continues to grow, we're constantly looking for ways to improve the experience for our customers. We not only take into consideration convenience of services, but also ways to increase security and control for users.

beautiful & FULL-FEATURED

We improved the experience for our mobile banking customers last year by releasing a platform-wide update, Version 3, to the Great Southern Mobile Banking App. Version 3 gives our users a consistent experience when using the app on all of their devices, iOS or Android. The update features an improved look and feel, and significantly increased functionality while still offering the same great functions users have come to expect.

DEBIT CARDS *with a switch*

Last year we rolled out a brand new service known as Debit On/Off, a feature of the Great Southern Mobile Banking App that gives customers complete control over their debit cards. A powerful fraud prevention device, users can turn their debit cards on and off with the flip of a switch. It works instantly and includes several options for how long the card will remain unlocked. This is an invaluable tool for our customers and our Company in its ability to both limit loss, and help minimize debit card fraud.



SECURE *& proactive*

We share a responsibility with our customers to protect not only their money, but their information. With that goal in mind, we created a new program to promote information security awareness, encouraging associates and customers to become "Data Guard Gurus".

The program is a two-prong approach, providing ongoing training to all associates and serves as an outreach and educational resource for customers. In its inaugural year, the program tested associates' pre-existing knowledge of information security and created awareness through the Company's internal communication channels. In December, we ran a successful external campaign aimed at educating our customers on the potential perils of online and in-store shopping during the holiday season. Education and awareness continue to be the most powerful fraud deterrent, and our program positions us as a positive resource for our customers.

HELPING OTHERS BY LENDING A HAND

Some of us cook meals, some paint houses. others are organizers and event planners. We have marathon runners, emergency responders and teachers, and those who just show up and ask what needs to be done.

VOLUNTEERED
OVER 7,200 HOURS OF COMMUNITY SERVICE

HELPED WITH
OVER 750 COMMUNITY EVENTS

SHARING OUR *talents*

Bill and Ann Turner Distinguished Community Service Award

We accomplished plenty in 2015, but nothing makes us quite as happy as the amount of time our associates gave in their communities. We recognize that our associates' time and knowledge is valuable to their communities, which is why we're proud they never shy away from giving either.

In 2015, we introduced the Bill and Ann Turner Distinguished Community Service Award. This annual award was named after our chairman, Bill Turner, and his wife Ann, who have been instrumental in creating a community-minded culture since joining the Company in 1974. The award emphasizes the importance placed on volunteerism at Great Southern Bank by honoring one outstanding associate who demonstrates excellence in volunteer service to their community.

Taking on tough challenges

This year's service award recipient is Brian Davies, St. Louis Commercial Market Manager. Brian has been instrumental in developing and strengthening the Bank's involvement in commercial and community development lending in the St. Louis area. He's a lifetime St. Louisan, and gives countless hours of guidance to help address many issues facing St. Louis, specifically in economic development. He is passionate about the organizations he's involved in, many of which work together to create solutions that help people like single mothers, veterans, the elderly and hardworking families secure safe and affordable housing.

One particular effort close to his heart is his work with the St. Louis County Library Foundation.

"You know the book you're giving them may be the first book they've ever had," says Brian, "and you realize in a lot of cases that these children are growing up with things that we assume every child has, but they don't. When you see the looks on their faces you realize what you're doing is really making a difference."

Stepping up to lead

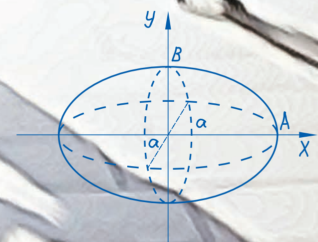
Montie Taylor, Commercial Lending Senior Manager in Parsons, Kan., was one of our service award finalists and deservedly so. He sets a wonderful example year after year for all associates in the Kansas region. Montie is a proven leader in his community and has been an integral part of many projects that have improved southeastern Kansas and southwest Missouri.

He holds leadership roles in more than a dozen community organizations and willingly provides his knowledge and expertise for the betterment of the communities he serves.

Inspiring by action

Alicia Edens, Banking Center Manager in Joplin, Mo., was also a 2015 finalist. Alicia puts much of her time and energy into her community and inspires many of her coworkers to do the same. She has extensive involvement in a wide range of organizations including Ronald McDonald House, Lafayette House, Joplin Public Schools, Boys & Girls Club, Midwest Regional Ballet, and many more.

BEING FLEXIBLE AND CREATIVE ARE KEY TO MEETING OUR COMMUNITIES' NEEDS.



"Growth is good if it is done wisely. We take the long-term view in our expansion, and look for places where we can make an impact."

unique OPPORTUNITIES

Our Company is constantly evolving and 2015 proved to be another year of growth and change. We adjusted our footprint to invest our resources where there is greater market potential and room for growth. We opened two new banking centers, and we continued to see strong business in our markets. Though we're proud of the business we've generated across our franchise, we recognize that we can raise the bar even higher. As 2015 drew to a close, we set our sights to 2016 as another year for refining our footprint as customer expectations change and opportunities arise.

DOUBLE+ PRESENCE *in St. Louis*

St. Louis is a market we've served with a physical presence since 2005. During the last decade, thanks to a great team of associates, we have continuously built and attracted customer relationships. As a result, our presence in St. Louis has grown

to be one of the largest in our franchise. We more than doubled our presence in the St. Louis market with the Fifth Third Bank branch acquisition that was announced in September 2015 and finalized in early 2016. As a result, we now have 20 banking centers in the St. Louis area.

We have always understood the great growth potential in the St. Louis market, and the Fifth Third branch acquisition provided a significant springboard to gain market share. With our expanded presence, the Great Southern brand will become a familiar sight in St. Louis.

BETTER VISIBILITY *in Kansas City*

Our new location in Overland Park, Kan. is situated in a thriving, upscale business district. With Commercial Lending, VIP Banking and Business Banking together with a retail banking center in one location, we are well positioned to serve customers who work and live in the area.

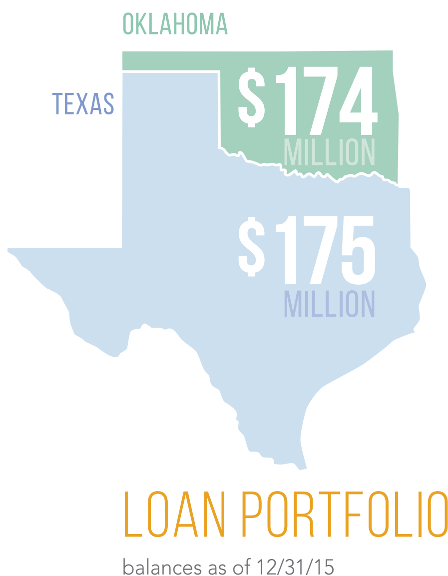
GAINING A NEW MARKET *with Columbia*

In April 2015, we opened our first full-service banking center in Columbia, Mo. This dynamic market has a population of more than 115,000 people and is home to the University of Missouri and its more than 35,000 students. The banking center has made great inroads in attracting new customers, and we expect to grow in the years ahead as we become more integrated into the community.

ACTION
PACKED YEAR
in Iowa

Our customer base in Iowa has grown to be one of the largest in our franchise. Through two FDIC-assisted acquisitions, we have offices in all three major metro areas across the state. Between the Siouxland, Des Moines and Quad Cities areas, we have 19 banking centers and more than $567 million in deposits, representing 17% of the Company's deposits.

The Hawkeye State is also home to some of our most active associates. Whether it's a nationally-known free concert in the park, college athletics, or an annual state-wide bike race, we've been involved with some wonderful events here. Last year, we were a sponsor of RAGBRAI, the Register's Annual Great Bicycle Ride Across Iowa. RAGBRAI is an annual seven-day bike ride across the state. In 2015, the route took riders from Sioux City to the Quad Cities, with each point offering our Company a great opportunity to get involved. RAGBRAI is the oldest, largest and longest bicycle touring event in the world. It is community-driven events like this that make us so thrilled to be in business in such a great state.



LOAN PORTFOLIO
balances as of 12/31/15

SMART
LENDING IN
Dallas & Tulsa

In 2014, we opened commercial loan production offices in Tulsa, Okla., and Dallas, Texas. In just two years, our experienced lending teams, with their deep understanding of their respective markets, have done an outstanding job of attracting new customer relationships. From both offices, we have experienced significant loan production, primarily in various types of non-speculative commercial real estate loans and multi-family residential loans. There are no loans in the portfolios that are directly related to the troubled energy industry. At the end of the year, loan balances in Texas and Oklahoma were an impressive $175 and $174 million, respectively.

STRONG
GROWTH IN
Minneapolis

We entered the Twin Cities market area through a 2012 FDIC-assisted acquisition. The Minneapolis-St. Paul region has a strong, diversified economy anchoring the second largest economic center in the Midwest, only behind Chicago. We currently operate four banking centers in the region and have assembled a team of experienced bankers from all of the Company's lines of business. The commercial lending team has made great strides in building significant customer relationships, underscored by Commercial Lending Market Manager Carl Brandt being the entire Company's top commercial lending producer. Loan balances at the end of 2015 in Minnesota were $111 million. In addition, our loan portfolio of covered loans acquired in the FDIC-assisted acquisition, which include first and second mortgages and home equity lines of credit, is substantial with a balance of $179 million at the end of the year. While our banking center network is small for a market this size, we have a sizable deposit base at $226 million and continue to attract new customer relationships.

Our Company's growth potential in the Twin Cities is great; we have an experienced, motivated team already tapping into this potential, with a strong conviction to go even deeper.

DIRECTORS

OF GREAT SOUTHERN BANCORP INC & **GREAT SOUTHERN BANK**

Back Row

DOUGLAS M. PITT
Board Member
Business Owner and
Care To Learn Founder

EARL A. STEINERT, JR.
Board Member
Co-owner, EAS Investment
Enterprises, Inc./CPA

LARRY D. FRAZIER
Board Member
Retired – Hollister, Mo.

GRANT Q. HADEN
Board Member
Attorney, Of Counsel to
Haden, Cowherd and
Bullock, LLC

THOMAS J. CARLSON
Board Member
President, Mid America
Management, Inc.

Front Row

WILLIAM E. BARCLAY
Board Member
Retired – Springfield, Mo.

JOSEPH W. TURNER
President and
Chief Executive Officer

WILLIAM V. TURNER
Chairman of the Board

JULIE T. BROWN
Board Member
Shareholder, Carnahan,
Evans, Cantwell &
Brown, P.C.

LEADERSHIP TEAM

TAMMY BAURICHTER
Controller

DEBBIE FLOWERS
Director of Credit
Risk Administration

KELLY POLONUS
Director of Communications
and Marketing

BRYAN TIEDE
Director of Risk
Management

KRIS CONLEY
Director of
Retail Banking

DOUG MARRS*
Director of
Operations

MATT SNYDER
Director of Human
Resources

JOSEPH TURNER*
President and
Chief Executive Officer

REX COPELAND*
Chief Financial
Officer

STEVE MITCHEM*
Chief Lending
Officer

LIN THOMASON*
Director of
Information Services

*Denotes Executive Officer

SELECTED CONSOLIDATED FINANCIAL DATA

The tables on pages 16, 17, and 18 set forth selected consolidated financial information and other financial data of the Company. The selected statement of condition and statement of operations data, insofar as they relate to the years ended December 31, 2015, 2014, 2013, 2012 and 2011, are derived from our Consolidated Financial Statements, which have been audited by BKD, LLP. See Item 6. "Selected Consolidated Financial Data," Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Item 8. "Financial Statements and Supplementary Information" in the Company's Annual Report on Form 10-K. Results for past periods are not necessarily indicative of results that may be expected for any future period.

	December 31,				
	2015	2014	2013	2012	2011
Summary Statement of Condition Information:	(Dollars in thousands)				
Assets	$4,104,189	$3,951,334	$3,560,250	$3,955,182	$3,790,012
Loans receivable, net	3,352,797	3,053,427	2,446,769	2,346,467	2,153,081
Allowance for loan losses	38,149	38,435	40,116	40,649	41,232
Available-for-sale securities	262,856	365,506	555,281	807,010	875,411
Other real estate owned, net	31,893	45,838	53,514	68,874	67,621
Deposits	3,268,626	2,990,840	2,808,626	3,153,193	2,963,539
Total borrowings	406,797	514,014	343,795	391,114	485,853
Stockholders' equity (retained earnings substantially restricted)	398,227	419,745	380,698	369,874	324,587
Common stockholders' equity	398,227	361,802	322,755	311,931	266,644
Average loans receivable	3,235,787	2,784,106	2,403,544	2,326,273	2,007,914
Average total assets	4,067,399	3,824,493	3,789,876	4,005,613	3,496,860
Average deposits	3,203,262	3,007,588	2,996,941	3,199,683	2,671,710
Average stockholders' equity	438,683	402,670	378,650	352,282	316,486
Number of deposit accounts	217,139	217,877	192,323	197,733	189,288
Number of full-service offices	110	108	96	107	104

	For the Year Ended December 31,				
	2015	2014	2013	2012	2011
			(In Thousands)		
Summary Statement of Operations Information:					
Interest income:					
Loans	$ 177,240	$ 172,569	$ 163,903	$ 170,163	$ 171,201
Investment securities and other	7,111	10,793	14,892	23,345	27,466
	184,351	183,362	178,795	193,508	198,667
Interest expense:					
Deposits	13,511	11,225	12,346	20,720	26,370
Federal Home Loan Bank advances	1,707	2,910	3,972	4,430	5,242
Short-term borrowings and repurchase agreements	65	1,099	2,324	2,610	2,965
Subordinated debentures issued to capital trust	714	567	561	617	569
	15,997	15,801	19,203	28,377	35,146
Net interest income	168,354	167,561	159,592	165,131	163,521
Provision for loan losses	5,519	4,151	17,386	43,863	35,336
Net interest income after provision for loan losses	162,835	163,410	142,206	121,268	128,185
Noninterest income:					
Commissions	1,136	1,163	1,065	1,036	896
Service charges and ATM fees	19,841	19,075	18,227	19,087	18,063
Net realized gains on sales of loans	3,888	4,133	4,915	5,505	3,524
Net realized gains on sales of available-for-sale securities	2	2,139	243	2,666	483
Recognized impairment of available-for-sale securities	—	—	—	(680)	(615)
Late charges and fees on loans	2,129	1,400	1,264	1,028	651
Gain (loss) on derivative interest rate products	(43)	(345)	295	(38)	(10)
Gain recognized on business acquisitions	—	10,805	—	31,312	16,486
Accretion (amortization) of income/expense related to business acquisition	(18,345)	(27,868)	(25,260)	(18,693)	(37,797)
Other income	4,973	4,229	4,566	4,779	2,450
	13,581	14,731	5,315	46,002	4,131
Noninterest expense:					
Salaries and employee benefits	58,682	56,032	52,468	51,262	43,606
Net occupancy expense	25,985	23,541	20,658	20,179	15,220
Postage	3,787	3,578	3,315	3,301	3,096
Insurance	3,566	3,837	4,189	4,476	4,840
Advertising	2,317	2,404	2,165	1,572	1,316
Office supplies and printing	1,333	1,464	1,303	1,389	1,268
Telephone	3,235	2,866	2,868	2,768	2,270
Legal, audit and other professional fees	2,713	3,957	4,348	4,323	3,803
Expense on other real estate owned	2,526	5,636	4,068	8,748	11,846
Partnership tax credit	1,680	1,720	2,108	1,825	2,035
Other operating expenses	8,526	15,824	8,128	8,760	6,226
	114,350	120,859	105,618	108,603	95,526
Income from continuing operations before income taxes	62,006	57,282	41,903	58,667	36,790
Provision for income taxes	15,564	13,753	8,174	14,580	7,133
Net income from continuing operations	46,502	43,529	33,729	44,087	29,657
Discontinued Operations					
Income from discontinued operations, net of income taxes	—	—	—	4,619	612
Net income	46,502	43,529	33,729	48,706	30,269
Preferred stock dividends and discount accretion	554	579	579	608	2,798
Non-cash deemed preferred stock dividend	—	—	—	—	1,212
Net income available to common shareholders	$ 45,948	$ 42,950	$ 33,150	$ 48,098	$ 26,259

	AT OR FOR THE YEAR ENDED DECEMBER 31,				
	2015	2014	2013	2012	2011
	(NUMBER OF SHARES IN THOUSANDS)				
PER COMMON SHARE DATA:					
Basic earnings per common share	$ 3.33	$ 3.14	$ 2.43	$ 3.55	$ 1.95
Diluted earnings per common share	3.28	3.10	2.42	3.54	1.93
Diluted earnings from continuing operations per common share	3.28	3.10	2.42	3.20	1.89
Cash dividends declared	0.86	0.80	0.72	0.72	0.72
Book value per common share	28.67	26.30	23.60	22.94	19.78
Average shares outstanding	13,818	13,700	13,635	13,534	13,462
Year-end actual shares outstanding	13,888	13,755	13,674	13,596	13,480
Average fully diluted shares outstanding	14,000	13,876	13,715	13,592	13,626
EARNINGS PERFORMANCE RATIOS:					
Return on average assets(1)	1.14%	1.14%	0.89%	1.22%	0.87%
Return on average stockholders' equity(2)	12.13	12.63	10.52	16.55	11.67
Non-interest income to average total assets	0.33	0.39	0.14	1.49	0.35
Non-interest expense to average total assets	2.81	3.16	2.79	2.71	2.73
Average interest rate spread(3)	4.44	4.74	4.60	4.53	5.06
Year-end interest rate spread	3.80	3.86	3.88	3.57	3.68
Net interest margin(4)	4.53	4.84	4.70	4.61	5.17
Efficiency ratio(5)	62.85	66.30	64.05	51.44	56.98
Net overhead ratio(6)	2.48	2.77	2.66	1.56	2.61
Common dividend pay-out ratio(7)	26.22	25.81	29.75	20.34	37.31
ASSET QUALITY RATIOS (8):					
Allowance for loan losses/year-end loans	1.20%	1.34%	1.92%	2.21%	2.33%
Non-performing assets/year-end loans and foreclosed assets	1.28	1.39	2.46	2.98	3.31
Allowance for loan losses/non-performing loans	230.24	471.77	201.53	180.84	149.95
Net charge-offs/average loans	0.20	0.24	0.91	2.43	2.09
Gross non-performing assets/year end assets	1.07	1.11	1.74	1.84	1.96
Non-performing loans/year-end loans	0.49	0.26	0.80	0.94	1.25
BALANCE SHEET RATIOS:					
Loans to deposits	102.58%	102.09%	87.12%	74.42%	72.65%
Average interest-earning assets as a percentage of average interest-bearing liabilities	121.60	120.95	116.03	110.12	110.55
CAPITAL RATIOS:					
Average common stockholders' equity to average assets	9.4%	9.0%	8.5%	7.4%	7.4%
Year-end tangible common stockholders' equity to assets	9.6	9.0	8.9	7.7	6.9
Great Southern Bancorp, Inc.:					
Tier 1 capital ratio	11.5	13.3	15.6	15.7	14.8
Total capital ratio	12.6	14.5	16.9	16.9	16.1
Tier 1 leverage ratio	10.2	11.1	11.3	9.5	9.2
Common equity Tier 1 ratio	10.8	—	—	—	—
Great Southern Bank:					
Tier 1 capital ratio	11.0	11.4	14.2	14.7	14.1
Total capital ratio	12.1	12.6	15.4	15.9	15.3
Tier 1 leverage ratio	9.8	9.5	10.2	8.9	8.6
Common equity Tier 1 ratio	11.0	—	—	—	—
RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENT (9):					
Including deposit interest	4.66x	4.41x	3.07x	3.22x	1.82x
Excluding deposit interest	20.01x	11.59x	6.44x	8.66x	3.38x

(1) Net income divided by average total assets.
(2) Net income divided by average stockholders' equity.
(3) Yield on average interest-earning assets less rate on average interest-bearing liabilities.
(4) Net interest income divided by average interest-earning assets.
(5) Non-interest expense divided by the sum of net interest income plus non-interest income.
(6) Non-interest expense less non-interest income divided by average total assets.
(7) Cash dividends per common share divided by earnings per common share.
(8) Excludes assets covered by FDIC loss sharing agreements.
(9) In computing the ratio of earnings to fixed charges and preferred stock dividend requirement: (a) earnings have been based on income before income taxes and fixed charges, and (b) fixed charges consist of interest and amortization of debt discount and expense including amounts capitalized and the estimated interest portion of rents.

GREAT SOUTHERN BANCORP, INC.

2015 FINANCIAL INFORMATION

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Forward-looking Statements

When used in this Annual Report and in other documents filed or furnished by the Company with the Securities and Exchange Commission (the "SEC"), in the Company's press releases or other public or shareholder communications, and in oral statements made with the approval of an authorized executive officer, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "intends" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties, including, among other things, (i) non-interest expense reductions from Great Southern’s banking center consolidations might be less than anticipated and the costs of the consolidation and impairment of the value of the affected premises might be greater than expected; (ii) expected revenues, cost savings, earnings accretion, synergies and other benefits from the Fifth Third Bank branch acquisition and the Company’s other merger and acquisition activities might not be realized within the anticipated time frames or at all, and costs or difficulties relating to integration matters, including but not limited to customer and employee retention, might be greater than expected; (iii) changes in economic conditions, either nationally or in the Company’s market areas; (iv) fluctuations in interest rates; (v) the risks of lending and investing activities, including changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for loan losses; (vi) the possibility of other-than-temporary impairments of securities held in the Company’s securities portfolio; (vii) the Company’s ability to access cost-effective funding; (viii) fluctuations in real estate values and both residential and commercial real estate market conditions; (ix) demand for loans and deposits in the Company’s market areas; (x) legislative or regulatory changes that adversely affect the Company’s business, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and its implementing regulations, and the overdraft protection regulations and customers’ responses thereto; (xi) monetary and fiscal policies of the Board of Governors of the Federal Reserve System (the “Federal Reserve Board or the FRB”) and the U.S. Government and other governmental initiatives affecting the financial services industry; (xii) results of examinations of the Company and Great Southern by their regulators, including the possibility that the regulators may, among other things, require the Company to increase its allowance for loan losses or to write-down assets; (xiii) costs and effects of litigation, including settlements and judgments; and (xiv) competition. The Company wishes to advise readers that the factors listed above and other risks described from time to time in documents filed or furnished by the Company with the SEC could affect the Company's financial performance and could cause the Company's actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

The Company does not undertake-and specifically declines any obligation- to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Critical Accounting Policies, Judgments and Estimates

The accounting and reporting policies of the Company conform with accounting principles generally accepted in the United States and general practices within the financial services industry. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Allowance for Loan Losses and Valuation of Foreclosed Assets

The Company believes that the determination of the allowance for loan losses involves a higher degree of judgment and complexity than its other significant accounting policies. The allowance for loan losses is calculated with the objective of maintaining an allowance level believed by management to be sufficient to absorb estimated loan losses. Management's determination of the adequacy of the allowance is based on periodic evaluations of the loan portfolio and other relevant factors. However, this evaluation is inherently subjective as it requires material estimates of, among other things, expected default probabilities, loss once loans default, expected commitment usage, the amounts and timing of expected future cash flows on impaired loans, value of collateral, estimated losses, and general amounts for historical loss experience.

The process also considers economic conditions, uncertainties in estimating losses and inherent risks in the loan portfolio. All of these factors may be susceptible to significant change. To the extent actual outcomes differ from management estimates, additional provisions for loan losses may be required which would adversely impact earnings in future periods. In addition, the Bank's regulators could require additional provisions for loan losses as part of their examination process.

Additional discussion of the allowance for loan losses is included in the Company's 2015 Annual Report on Form 10-K under "Item 1. Business - Allowances for Losses on Loans and Foreclosed Assets." Inherent in this process is the evaluation of individual significant credit relationships. From time to time certain credit relationships may deteriorate due to payment performance, cash flow of the borrower, value of collateral, or other factors. In these instances, management may have to revise its loss estimates and assumptions for these specific credits due to changing circumstances. In some cases, additional losses may be realized; in other instances, the factors that led to the deterioration may improve or the credit may be refinanced elsewhere and allocated allowances may be released from the particular credit. In the fourth quarter of 2014, the Company began using a three-year average of historical losses for the general component of the allowance for loan loss calculation. The Company had previously used a five-year average. The Company believes that the three-year average provides a better representation of the current risks in the loan portfolio. This change was made after consultation with our regulators and third-party consultants, as well as a review of the practices used by the Company's peers. No other significant changes were made to management's overall methodology for evaluating the allowance for loan losses during the periods presented in the financial statements of this report.

In addition, the Company considers that the determination of the valuations of foreclosed assets held for sale involves a high degree of judgment and complexity. The carrying value of foreclosed assets reflects management's best estimate of the amount to be realized from the sales of the assets. While the estimate is generally based on a valuation by an independent appraiser or recent sales of similar properties, the amount that the Company realizes from the sales of the assets could differ materially from the carrying value reflected in the financial statements, resulting in losses that could adversely impact earnings in future periods.

Carrying Value of Loans Acquired in FDIC-assisted Transactions and Indemnification Asset

The Company considers that the determination of the carrying value of loans acquired in the FDIC-assisted transactions and the carrying value of the related FDIC indemnification assets involve a high degree of judgment and complexity. The carrying value of the acquired loans and the FDIC indemnification assets reflect management's best ongoing estimates of the amounts to be realized on each of these assets. The Company determined initial fair value accounting estimates of the assumed assets and liabilities in accordance with FASB ASC 805, *Business Combinations*. However, the amount that the Company realizes on these assets could differ materially from the carrying value reflected in its financial statements, based upon the timing of collections on the acquired loans in future periods. Because of the loss sharing agreements with the FDIC on certain of these assets, the Company should not incur any significant losses related to these assets. To the extent the actual values realized for the acquired loans are different from the estimates, the indemnification asset will generally be impacted in an offsetting manner due to the loss sharing support from the FDIC. Subsequent to the initial valuation, the Company continues to monitor identified loan pools and related loss sharing assets for changes in estimated cash flows projected for the loan pools, anticipated credit losses and changes in the accretable yield. Analysis of these variables requires significant estimates and a high degree of judgment. See Note 4 of the accompanying audited financial statements for additional information regarding the TeamBank, Vantus Bank, Sun Security Bank, InterBank and Valley Bank FDIC-assisted transactions.

Goodwill and Intangible Assets

Goodwill and intangible assets that have indefinite useful lives are subject to an impairment test at least annually and more frequently if circumstances indicate their value may not be recoverable. Goodwill is tested for impairment using a process that estimates the fair value of each of the Company's reporting units compared with its carrying value. The Company defines reporting units as a level below each of its operating segments for which there is discrete financial information that is regularly reviewed. As of December 31, 2015, the Company has one reporting unit to which goodwill has been allocated – the Bank. If the fair value of a reporting unit exceeds its carrying value, then no impairment is recorded. If the carrying value amount exceeds the fair value of a reporting unit,

further testing is completed comparing the implied fair value of the reporting unit's goodwill to its carrying value to measure the amount of impairment. Intangible assets that are not amortized will be tested for impairment at least annually by comparing the fair values of those assets to their carrying values. At December 31, 2015, goodwill consisted of $1.2 million at the Bank reporting unit. Goodwill increased $790,000 during 2014, due to the acquisition of certain loans, deposits and other assets of Boulevard Bank. Other identifiable intangible assets that are subject to amortization are amortized on a straight-line basis over a period of seven years. At December 31, 2015, the amortizable intangible assets consisted of core deposit intangibles of $4.6 million, including $2.2 million related to the Valley Bank transaction in June 2014 and $641,000 related to the Boulevard Bank transaction in March 2014. These amortizable intangible assets are reviewed for impairment if circumstances indicate their value may not be recoverable based on a comparison of fair value. See Note 1 of the accompanying audited financial statements for additional information.

For purposes of testing goodwill for impairment, the Company used a market approach to value its reporting unit. The market approach applies a market multiple, based on observed purchase transactions for each reporting unit, to the metrics appropriate for the valuation of the operating unit. Significant judgment is applied when goodwill is assessed for impairment. This judgment may include developing cash flow projections, selecting appropriate discount rates, identifying relevant market comparables and incorporating general economic and market conditions.

Based on the Company's goodwill impairment testing, management does not believe any of its goodwill or other intangible assets are impaired as of December 31, 2015. While the Company believes no impairment existed at December 31, 2015, different conditions or assumptions used to measure fair value of the reporting unit, or changes in cash flows or profitability, if significantly negative or unfavorable, could have a material adverse effect on the outcome of the Company's impairment evaluation in the future.

Current Economic Conditions

Changes in economic conditions could cause the values of assets and liabilities recorded in the financial statements to change rapidly, resulting in material future adjustments in asset values, the allowance for loan losses, or capital that could negatively impact the Company's ability to meet regulatory capital requirements and maintain sufficient liquidity.

Following the bursting of the housing bubble in mid-2007, the United States entered into an economic recession. The economic downturn of 2008 was caused by a housing market correction and a subprime mortgage crisis. Unemployment rose from 4.7% in November 2007 to peak at 10% in October 2009. The elevated unemployment levels negatively impacted consumer confidence, which had a detrimental impact on industry-wide performance nationally as well as in the Company's Midwest market area. Current economic conditions have improved considerably over the past three years as indicated by increasing consumer confidence levels, increased economic activity and a continued decline in unemployment levels.

The national unemployment rate declined from 5.6% as of December 2014 to 5.0% as of December 2015. The economy added 292,000 jobs in December 2015. Employment gains occurred in several industries, led by professional and business services, construction, health care and food services and drinking establishments. Energy was the only significant industry suffering job losses. Unemployment levels in our market areas have decreased or remained level over the past year in all states in which the Company has offices. Unemployment rates at December 31, 2015 were: Missouri at 4.4%, Arkansas at 4.8%, Kansas at 3.9%, Iowa at 3.4%, Nebraska at 2.9%, Minnesota at 3.5%, Oklahoma at 4.1% and Texas at 4.7%. Five of these eight states had unemployment rates amongst the top performers in the country. Of the metropolitan areas in which Great Southern Bank does business, the St. Louis market area continues to carry the highest level of unemployment at 4.3%. This rate compares favorably to the 5.6% rate reported as of December 2014. The unemployment rate at 3.4% for the Springfield market area was below the national and state average for December 2015. Metropolitan areas in Iowa, Nebraska and Minnesota boasted unemployment levels among the lowest in the nation.

Sales of newly built, single-family homes were at a seasonally adjusted annual rate of 544,000 units in December 2015, according to the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. The median sales price of new houses sold in December 2015 was $288,900 with an average sales price of $346,400. The seasonally adjusted estimate of new houses for sale at the end of December 2015 was 237,000, which represented a supply of 5.2 months at the current sales rate. According to Realty Trac, the nation's foreclosure rate was 10% lower than the same time last year. Building permit activity continues to fluctuate by market area with residential builders constrained by tighter credit conditions for home buyers and a limited number of buildable lots.

The performance of commercial real estate markets has improved throughout the Company's market areas as shown by increased real estate sales activity and financing of those activities. According to real estate services firm CoStar Group, retail, office and industrial types of commercial real estate properties continue to improve in occupancy, absorption and rental income, both nationally and in our market areas.

While current economic indicators show improvement nationally in employment, housing starts and prices, commercial real estate occupancy, absorption and rental income, our management will continue to closely monitor regional, national and global economic conditions, as these could significantly impact our market areas.

General

The profitability of the Company and, more specifically, the profitability of its primary subsidiary, the Bank, depends primarily on its net interest income, as well as provisions for loan losses and the level of non-interest income and non-interest expense. Net interest income is the difference between the interest income the Bank earns on its loans and investment portfolio, and the interest it pays on interest-bearing liabilities, which consists mainly of interest paid on deposits and borrowings. Net interest income is affected by the relative amounts of interest-earning assets and interest-bearing liabilities and the interest rates earned or paid on these balances. When interest-earning assets approximate or exceed interest-bearing liabilities, any positive interest rate spread will generate net interest income.

In the year ended December 31, 2015, Great Southern's total assets increased $152.9 million, or 3.9%, from $3.95 billion at December 31, 2014, to $4.10 billion at December 31, 2015. Full details of the current year changes in total assets are provided in the "Comparison of Financial Condition at December 31, 2015 and December 31, 2014" section.

Loans. In the year ended December 31, 2015, Great Southern's net loans increased $301.7 million, or 9.9%, from $3.04 billion at December 31, 2014, to $3.34 billion at December 31, 2015. Partially offsetting the increase in loans was a decrease of $95.6 million in the FDIC-covered loan portfolios. Excluding acquired covered loans, acquired non-covered loans and mortgage loans held for sale, total loans increased $397.3 million from December 31, 2014 to December 31, 2015, with increases primarily in the areas of commercial construction loans, consumer loans, commercial real estate loans and other residential loans. The increase was primarily due to loan growth in our existing banking center network. As loan demand is affected by a variety of factors, including general economic conditions, and because of the competition we face and our focus on pricing discipline and credit quality, we cannot be assured that our loan growth will match or exceed the level of increases achieved in 2015 or prior years. The Company's strategy continues to be focused on maintaining credit risk and interest rate risk at appropriate levels.

Loan growth has occurred in most loan types and has come from most of Great Southern's primary lending locations, including Springfield, St. Louis, Kansas City, Des Moines, Omaha and Minneapolis, as well as the loan production offices in Dallas and Tulsa. Net loan balances have increased primarily in the areas of commercial construction, consumer, and commercial real estate. Generally, the Company considers these types of loans to involve a higher degree of risk compared to some other types of loans, such as first mortgage loans on one- to four-family, owner-occupied residential properties, and has established certain minimum underwriting standards to help assure portfolio quality. For commercial real estate and construction loans, these standards and procedures include, but are not limited to, an analysis of the borrower's financial condition, collateral, repayment ability, verification of liquid assets and credit history as required by loan type. In addition, geographic diversity of collateral, lower loan-to-value ratios and limitations on speculative construction projects help to mitigate overall risk in these loans. It has been, and continues to be, Great Southern's practice to verify information from potential borrowers regarding assets, income or payment ability and credit ratings as applicable and as required by the authority approving the loan. Underwriting standards also include loan-to-value ratios which vary depending on collateral type, debt service coverage ratios or debt payment to income ratios, where applicable, credit histories, use of guaranties and other recommended terms relating to equity requirements, amortization, and maturity. Great Southern's loan committee reviews and approves all new loan originations in excess of lender approval authorities. Consumer loans are primarily secured by new and used motor vehicles and these loans are also subject to certain minimum underwriting standards to assure portfolio quality. Great Southern's consumer underwriting and pricing standards have been fairly consistent over the past several years. The underwriting standards employed by Great Southern for consumer loans include a determination of the applicant's payment history on other debts, credit scores, employment history and an assessment of ability to meet existing obligations and payments on the proposed loan. Although creditworthiness of the applicant is of primary consideration, the underwriting process also includes a comparison of the value of the security, if any, in relation to the proposed loan amount.

Of the total loan portfolio at December 31, 2015 and 2014, 73.5% and 74.1%, respectively, was secured by real estate, as this is the Bank's primary focus in its lending efforts. At December 31, 2015 and 2014, commercial real estate and commercial construction loans were 42.8% and 40.7% of the Bank's total loan portfolio (excluding loans acquired through FDIC-assisted transactions), respectively. Commercial real estate and commercial construction loans generally afford the Bank an opportunity to increase the yield on, and the proportion of interest rate sensitive loans in, its portfolio. They do, however, present somewhat greater risk to the Bank because they may be more adversely affected by conditions in the real estate markets or in the economy generally. At December 31, 2015 and 2014, loans made in the Springfield, Mo. metropolitan statistical area (Springfield MSA) were 15% and 17% of the Bank's total loan portfolio (excluding loans acquired through FDIC-assisted transactions), respectively. The Company's headquarters are located in Springfield and we have operated in this market since 1923. Because of our large presence and experience in the Springfield MSA, many lending opportunities exist. However, if the economic conditions of the Springfield MSA were worse than those of other market areas in which we operate or the national economy overall, the performance of these loans could decline comparatively. At December 31, 2015 and 2014, loans made in the St. Louis, Mo. metropolitan statistical area (St. Louis MSA) were 18% and 20% of the Bank's total loan portfolio (excluding loans acquired through FDIC-assisted transactions), respectively. The Company's expansion into the St. Louis MSA beginning in May 2009 has provided an opportunity to not only expand its markets and

provide diversification from the Springfield MSA, but also has provided access to a larger economy with increased lending opportunities despite higher levels of competition. Loans made in the St. Louis MSA are primarily commercial real estate, commercial business and multi-family residential loans which are less likely to be impacted by the higher levels of unemployment rates, as mentioned above under "Current Economic Conditions," than if the focus were on one- to four-family residential and consumer loans. For further discussions of the Bank's loan portfolio, and specifically, commercial real estate and commercial construction loans, see "Item 1. Business – Lending Activities" in the Company's 2015 Annual Report on Form 10-K.

The percentage of fixed-rate loans in our loan portfolio has increased from 44% as of December 31, 2010 to 57% as of December 31, 2015 due to customer preference for fixed rate loans during this period of low interest rates. The majority of the increase in fixed rate loans was in the commercial construction and consumer loan categories, both of which typically have loans with short durations. Of the total amount of fixed rate loans in our portfolio as of December 31, 2015, approximately 78% mature within one to five years and therefore are not considered to create significant long-term interest rate risk for the Company. Fixed rate loans make up only a portion of our balance sheet and our overall interest rate risk strategy. As of December 31, 2015, our interest rate risk models indicated a one-year interest rate earnings sensitivity position that is fairly neutral. For further discussion of our interest rate sensitivity gap and the processes used to manage our exposure to interest rate risk, see "Quantitative and Qualitative Disclosures About Market Risk – How We Measure the Risks to Us Associated with Interest Rate Changes" section of this annual report. For discussion of the risk factors associated with interest rate changes, see "Risk Factors – We may be adversely affected by interest rate changes" included in the Company's 2015 Annual Report on Form 10-K.

While our policy allows us to lend up to 95% of the appraised value on one-to four-family residential properties, originations of loans with loan-to-value ratios at that level are minimal. When they are made at those levels, private mortgage insurance is typically required for loan amounts above the 80% level unless our analyses determined minimal risk to be involved, and therefore these loans are not considered to have more risk to us than other residential loans. We consider these lending practices to be consistent with or more conservative than what we believe to be the norm for banks our size. At December 31, 2015 and December 31, 2014, an estimated 0.2% and 0.3%, respectively, of total owner occupied one- to four-family residential loans had loan-to-value ratios above 100% at origination. At December 31, 2015 and December 31, 2014, an estimated 2.1% and 1.8%, respectively, of total non-owner occupied one- to four-family residential loans had loan-to-value ratios above 100% at origination.

At December 31, 2015, troubled debt restructurings totaled $45.0 million, or 1.3% of total loans, down $2.6 million from $47.6 million, or 1.5% of total loans, at December 31, 2014. The amount of troubled debt restructurings has remained relatively stable since 2011. Concessions granted to borrowers experiencing financial difficulties may include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection. During the year ended December 31, 2015, no loans were restructured into multiple new loans. During the year ended December 31, 2014, five loans totaling $1.7 million were each restructured into multiple new loans. For further information on troubled debt restructurings, see Note 3 of the accompanying audited financial statements.

The loss sharing agreements with the FDIC are subject to limitations on the types of losses covered and the length of time losses are covered, and are conditioned upon the Bank complying with its requirements in the agreements with the FDIC, including requirements regarding servicing and other loan administration matters. The loss sharing agreements extend for ten years for single family real estate loans and for five years for other loans. At December 31, 2015, approximately three years remained on the loss sharing agreement for single family real estate loans acquired from TeamBank and the remaining loans had an estimated average life of two to ten years. At December 31, 2015, approximately three and one half years remained on the loss sharing agreement for single family real estate loans acquired from Vantus Bank and the remaining loans had an estimated average life of three to twelve years. At December 31, 2015, approximately six years remained on the loss sharing agreement for single family real estate loans acquired from Sun Security Bank and the remaining loans had an estimated average life of five to twelve years. At December 31, 2015, approximately six and one half years remained on the loss sharing agreement for single family real estate loans acquired from InterBank and the remaining loans had an estimated average life of six to thirteen years. The loss sharing agreement for non-single-family loans acquired from TeamBank ended on March 31, 2014. Any additional losses in the non-single-family TeamBank portfolio are not eligible for loss sharing coverage. The remaining loans in the portfolio had an estimated average life of one to six years and had a carrying value of $16.2 million at December 31, 2015. The loss sharing agreement for non-single-family loans acquired from Vantus Bank ended on September 30, 2014. Any additional losses in the non-single-family Vantus Bank portfolio are not eligible for loss sharing coverage. The remaining loans in the portfolio had an estimated average life of two to seven years and had a carrying value of $17.1 million at December 31, 2015. At December 31, 2015, approximately one year remained on the loss sharing agreement for non-single-family loans acquired from Sun Security Bank and the remaining loans had an estimated average life of one to two years. At December 31, 2015, approximately one and one half years remained on the loss sharing agreement for non-single-family loans acquired from InterBank and the remaining loans had an estimated average life of one year. While the expected repayments for certain of the acquired loans extend beyond the terms of the loss sharing agreements, the Bank has identified and will continue to identify problem loans and will make every effort to resolve them within the time limits of the agreements. The Company may sell any loans remaining at the end of the loss sharing agreement subject to the approval of the FDIC. Loans that were acquired through FDIC-assisted transactions, which are accounted for in pools, are currently included in the analysis and estimation of the allowance for

loan losses. If expected cash flows to be received on any given pool of loans decreases from previous estimates, then a determination is made as to whether the loan pool should be charged down or the allowance for loan losses should be increased (through a provision for loan losses). This is true of all acquired loan pools regardless of whether or not they are covered by loss sharing agreements. If a charge down occurs to a loan pool that is covered by a loss sharing agreement, the full amount of the charge down will be reflected in the allowance for loan losses and a separate asset will be recorded for the amount to be recovered from the FDIC. The loss sharing agreements and their related limitations are described in detail in Note 4 of the accompanying audited financial statements. For acquired loan pools that currently are not covered by loss sharing agreements, the Company may allocate, and at December 31, 2015, has allocated, a portion of its allowance for loan losses related to these loan pools in a manner similar to how it allocates its allowance for loan losses to those loans which are collectively evaluated for impairment.

The level of non-performing loans and foreclosed assets affects our net interest income and net income. We generally do not accrue interest income on these loans and do not recognize interest income until the loans are repaid or interest payments have been made for a period of time sufficient to provide evidence of performance on the loans. Generally, the higher the level of non-performing assets, the greater the negative impact on interest income and net income.

Available-for-sale Securities. In the year ended December 31, 2015, available-for-sale securities decreased $102.7 million, or 28.1%, from $365.5 million at December 31, 2014, to $262.9 million at December 31, 2015. The decrease was due to normal monthly payments received related to the portfolio of mortgage-backed securities and calls and maturities of municipal securities. The investment securities were reduced because they were no longer needed for pledging and the cash flows from investment securities were redeployed to fund loan originations.

Other Real Estate Owned. Other real estate owned totaled $31.9 million at December 31, 2015, a decrease of $13.9 million, or 30.4%, from $45.8 million at December 31, 2014. Of the total at December 31, 2015, $30.7 million was foreclosed assets and $1.2 million was other real estate owned not acquired through foreclosure, which is made up nine properties. Eight of these properties were branch locations that have been closed and are held for sale and one of these is land which was acquired for a potential branch location. Foreclosed assets, excluding those related to assets that are part of FDIC-assisted transactions, decreased from $35.5 million, or 0.9% of total assets, at December 31, 2014 to $27.4 million, or 0.7% of total assets, at December 31, 2015. The Company's foreclosed assets increased as the United States economy slowed due to a severe economic recession in 2008 and 2009, and continued to increase through 2012. Since 2012, the Company's other real estate owned has decreased. During 2015, the Company's foreclosed assets decreased primarily in the areas of subdivision construction, land development, one- to four-family residential and multi-family residential, partially offset by increases in commercial real estate and consumer. See "Non-performing Assets – Foreclosed Assets" for additional information on the Company's foreclosed assets.

Deposits. The Company attracts deposit accounts through its retail branch network, correspondent banking and corporate services areas, and brokered deposits. The Company then utilizes these deposit funds, along with FHLBank advances and other borrowings, to meet loan demand or otherwise fund its activities. In the year ended December 31, 2015, total deposit balances increased $277.8 million, or 9.3%. Transaction account balances increased $87.1 million, while retail certificates of deposit increased $80.4 million. Great Southern Bank customer deposits totaling $12.2 million and $23.7 million, at December 31, 2015 and December 31, 2014, respectively, were part of the CDARS program which allows bank customers to maintain balances in an insured manner that would otherwise exceed the FDIC deposit insurance limit. The FDIC counts these deposits as brokered, but these are deposit accounts that we generate with customers in our local markets. Brokered deposits, including CDARS program purchased funds, were $271.5 million at December 31, 2015, an increase of $121.7 million from $149.8 million at December 31, 2014. The Company elected to increase brokered deposits to fund a portion of its loan growth and reduce short-term borrowings during the period.

Our deposit balances may fluctuate depending on customer preferences and our relative need for funding. We do not consider our retail certificates of deposit to be guaranteed long-term funding because customers can withdraw their funds at any time with minimal interest penalty. When loan demand trends upward, we can increase rates paid on deposits to increase deposit balances and utilize brokered deposits to provide additional funding. The level of competition for deposits in our markets is high. It is our goal to gain deposit market share, particularly checking accounts, in our branch footprint. To accomplish this goal, increasing rates to attract deposits may be necessary, which could negatively impact the Company's net interest margin.

Our ability to fund growth in future periods may also depend on our ability to continue to access brokered deposits and FHLBank advances. In times when our loan demand has outpaced our generation of new deposits, we have utilized brokered deposits and FHLBank advances to fund these loans. These funding sources have been attractive to us because we can create either fixed or variable rate funding, as desired, which more closely matches the interest rate nature of much of our loan portfolio. While we do not currently anticipate that our ability to access these sources will be reduced or eliminated in future periods, if this should happen, the limitation on our ability to fund additional loans could have a material adverse effect on our business, financial condition and results of operations.

Net Interest Income and Interest Rate Risk Management. Our net interest income may be affected positively or negatively by changes in market interest rates. A portion of our loan portfolio is tied to the "prime rate" and adjusts immediately when this rate adjusts (subject to the effect of loan interest rate floors, which are discussed below). We monitor our sensitivity to interest rate changes on an ongoing basis (see "Quantitative and Qualitative Disclosures About Market Risk"). In addition, our net interest income may be impacted by changes in the cash flows expected to be received from acquired loan pools. As described in Note 4 of the accompanying audited financial statements, the Company's evaluation of cash flows expected to be received from acquired loan pools is on-going and increases in cash flow expectations are recognized as increases in accretable yield through interest income. Decreases in cash flow expectations are recognized as impairments through the allowance for loan losses.

The current level and shape of the interest rate yield curve poses challenges for interest rate risk management. Prior to its increase of 0.25% on December 16, 2015, the FRB last changed interest rates on December 16, 2008. This was the first rate increase since June 29, 2006. Great Southern has a significant portfolio of loans which are tied to a "prime rate" of interest. Most of these loans are tied to some national index of "prime," while some are indexed to "Great Southern prime." The Company had elected to leave its "Great Southern prime rate" of interest at 5.00%, and has now increased this rate to 5.25%. This does not affect a large number of customers, as a majority of the loans indexed to "Great Southern prime" are already at interest rate floors which are provided for in individual loan documents. But for the interest rate floors, a rate cut by the FRB generally would have an anticipated immediate negative impact on the Company's net interest income due to the large total balance of loans which generally adjust immediately as the Federal Funds rate adjusts. Loans at their floor rates are subject to the risk that borrowers will seek to refinance elsewhere at the lower market rate, however. Because the Federal Funds rate is already very low, there may also be a negative impact on the Company's net interest income due to the Company's inability to lower its funding costs in the current rate and competitive environment, although interest rates on assets may decline further. Conversely, interest rate increases would normally result in increased interest rates on our prime-based loans. The interest rate floors in effect may limit the immediate increase in interest rates on certain of these loans, until such time as rates rise above the floors. However, the Company may have to increase rates paid on deposits to maintain deposit balances and pay higher rates on borrowings. The impact of the low rate environment on our net interest margin in future periods is expected to be fairly neutral. Any margin gained by these rate increases on loans may be somewhat offset by reduced yields from our investment securities and our existing loan portfolio as payments are made and the proceeds are potentially reinvested at lower rates. Interest rates on certain adjustable rate loans may reset lower according to their contractual terms and index rate to which they are tied and new loans may be originated at lower market rates than the overall portfolio rate. For further discussion of the processes used to manage our exposure to interest rate risk, see "Quantitative and Qualitative Disclosures About Market Risk – How We Measure the Risks to Us Associated with Interest Rate Changes."

The negative impact of declining loan interest rates has been mitigated by the positive effects of the Company's loans which have interest rate floors. At December 31, 2015, the Company had a portfolio (excluding the loans acquired in the FDIC-assisted transactions) of prime-based loans totaling approximately $457 million with rates that change immediately with changes to the prime rate of interest. Of those loans, $424 million also had interest rate floors. These floors were at varying rates, with $15 million of these loans having floor rates of 7.0% or greater and another $76 million of these loans having floor rates between 5.0% and 7.0%. In addition, $333 million of these loans have floor rates between 2.75% and 5.0%. At December 31, 2015, $197 million of these loans were at their floor rates. Also included in these prime-based loans at December 31, 2015, the Company had a portfolio (excluding the loans acquired in the FDIC-assisted transactions) of GSB prime-based loans totaling approximately $114 million with rates that change immediately with changes to the GSB prime rate of interest. Of those loans, $96 million also had interest rate floors. At December 31, 2015, $26 million of these loans were at their floor rates. The loan yield for the total loan portfolio was approximately 106 basis points, 141 basis points and 185 basis points higher than the national "prime rate of interest" at December 31, 2015, 2014 and 2013, respectively, partly because of these interest rate floors. While interest rate floors have had an overall positive effect on the Company's results during this period, they do subject the Company to the risk that borrowers will elect to refinance their loans with other lenders. To the extent economic conditions improve, the risk that borrowers will seek to refinance their loans increases.

Non-Interest Income and Operating Expenses. The Company's profitability is also affected by the level of its non-interest income and operating expenses. Non-interest income consists primarily of service charges and ATM fees, accretion income (net of amortization) related to the FDIC-assisted acquisitions, late charges and prepayment fees on loans, gains on sales of loans and available-for-sale investments and other general operating income. In 2014, 2012, 2011 and 2009, non-interest income was also affected by the gains recognized on the FDIC-assisted transactions. Since 2010, increases in the cash flows expected to be collected from the FDIC-covered loan portfolios resulted in amortization (expense) recorded relating to reductions of expected reimbursements under the loss sharing agreements with the FDIC, which are recorded as indemnification assets. Non-interest income may also be affected by the Company's interest rate derivative activities, if the Company chooses to implement derivatives. Operating expenses consist primarily of salaries and employee benefits, occupancy-related expenses, expenses related to foreclosed assets, postage, FDIC deposit insurance, advertising and public relations, telephone, professional fees, office expenses and other general operating expenses. Details of the current period changes in non-interest income and non-interest expense are provided under "Results of Operations and Comparison for the Years Ended December 31, 2015 and 2014."

Business Initiatives

The Company completed several initiatives to expand and enhance the franchise in 2015.

In April 2015, the Company opened its first banking center in Columbia, Mo. The full-service banking center is located at 3200 S. Providence Road. Columbia, the home of the University of Missouri, is a growing market and is a regional medical hub and home to several large corporations.

The Company's Kansas City commercial and retail loan headquarters and new retail banking center opened in September 2015 at 11050 Roe Avenue in Overland Park, Kan. The Kansas City Commercial Banking Group moved from its former location in a nearby office complex in Overland Park. Additional space in the purchased and renovated 20,000-square-foot former bank office building is leased to tenants unrelated to the Company.

On September 30, 2015, Great Southern entered into a purchase and assumption agreement to acquire 12 branches and related deposits and loans in the St. Louis area from Cincinnati-based Fifth Third Bank. Completed at the close of business on January 29, 2016, the acquisition at that time represented approximately $228 million in deposits and $159 million in loans. It increased Great Southern's St. Louis-area banking center total from eight to 20 offices, with approximately $556 million in loans and approximately $489 million in deposit accounts.

On September 24, 2015, the Company announced plans to consolidate operations of 16 banking centers into other nearby Great Southern banking center locations. As part of an ongoing performance review of its entire banking center network, Great Southern evaluated each location for a number of criteria, including access and availability of services to affected customers, the proximity of other Great Southern banking centers, profitability and transaction volumes, and market dynamics. This review culminated in the approval of the consolidation of these banking centers by the Great Southern Board of Directors. Subsequent to this announcement, the Bank entered into separate definitive agreements to sell two of the 16 banking centers, including all of the associated deposits (totaling approximately $20 million), to separate bank purchasers. The sale of one of the banking centers was completed on February 19, 2016 and the sale of the other banking center is expected to be completed on or around March 18, 2016. The closing of the remaining 14 facilities, which resulted in the transfer of approximately $127 million in deposits and banking center operations to other Great Southern locations, occurred at the close of business on January 8, 2016. Of these 14 consolidated banking centers, nine were in Missouri, four were in Iowa and one was in Kansas. Nine of these banking centers were acquired as part of various FDIC-assisted acquisitions. Great Southern ATMs remained operational at each of the affected banking center sites.

Customers began using a new electronic service called Debit On/Off in October 2015. Available in the Mobile Banking app for smartphones, this service enables customers to remotely activate and deactivate their debit cards. This functionality allows customers to respond quickly to a potentially lost or stolen card, significantly reducing the possibility of fraudulent transactions and other inconveniences.

On December 15, 2015, the Company exited the U.S. Treasury's Small Business Lending Fund (SBLF) program. The Company began participation in the SBLF in August 2011 when it issued a new series of preferred stock with an aggregate liquidation amount totaling $57.9 million to the Treasury. The Company redeemed all 57,943 shares of this preferred stock at their liquidation amount plus accrued but unpaid dividends. The redemption was completed using internally available funds and the Company continues to have capital in excess of the levels necessary to be deemed well-capitalized under applicable regulatory standards.

In 2015, early-stage testing of live teller machines (ITMs) was started. ITMs offer customers the benefit of utilizing either self-service solutions or personal interactions to fulfill their banking needs. It combines video collaboration and remote transaction processing technology embedded within the ATM to give customers the choice of self-service or connecting with a remote teller in a highly personalized, two-way audio/video interaction. In-branch and off-premise ITMs are being considered.

Effect of Federal Laws and Regulations

General. Federal legislation and regulation significantly affect the operations of the Company and the Bank, and have increased competition among commercial banks, savings institutions, mortgage banking enterprises and other financial institutions. In particular, the capital requirements and operations of regulated banking organizations such as the Company and the Bank have been and will be subject to changes in applicable statutes and regulations from time to time, which changes could, under certain circumstances, adversely affect the Company or the Bank.

Significant Legislation Impacting the Financial Services Industry. On July 21, 2010, sweeping financial regulatory reform legislation entitled the "Dodd-Frank Wall Street Reform and Consumer Protection Act" (the "Dodd-Frank Act") was signed into law. The Dodd-Frank Act implements far-reaching changes across the financial regulatory landscape, including provisions that, among other things, centralize responsibility for consumer financial protection by creating a new agency, the Consumer Financial Protection Bureau, with

broad rulemaking authority for a wide range of consumer protection laws that apply to all banks, require new capital rules (discussed below), change the assessment base for federal deposit insurance, repeal the federal prohibitions on the payment of interest on demand deposits, amend the account balance limit for federal deposit insurance protection, and increase the authority of the Federal Reserve Board to examine the Company and its non-bank subsidiaries.

Many aspects of the Dodd-Frank Act are subject to rulemaking and will take effect over several years, making it difficult to anticipate the overall financial impact on the Company and the financial services industry more generally. Provisions in the legislation that affect deposit insurance assessments, and payment of interest on demand deposits could increase the costs associated with deposits. Provisions in the legislation that require revisions to the capital requirements of the Company and the Bank could require the Company and the Bank to seek additional sources of capital in the future.

A provision of the Dodd-Frank Act, commonly referred to as the "Durbin Amendment," directed the FRB to analyze the debit card payments system and fix the interchange rates based upon their estimate of actual costs. The FRB has established the interchange rate for all debit transactions for issuers with over $10 billion in assets at $0.21 per transaction. An additional five basis points of the transaction amount and an additional $0.01 may be collected by the issuer for fraud prevention and recovery, provided the issuer performs certain actions. Although the Bank is currently exempt from the provisions of the rule on the basis of asset size, there is some uncertainty about the long-term impact there will be on the interchange rates for issuers below the $10 billion level of assets.

New Capital Rules. The federal banking agencies have adopted new regulatory capital rules that substantially amend the risk-based capital rules applicable to the Bank and the Company. The new rules implement the "Basel III" regulatory capital reforms and changes required by the Dodd-Frank Act. "Basel III" refers to various documents released by the Basel Committee on Banking Supervision. For the Company and the Bank, the general effective date of the new rules was January 1, 2015, and, for certain provisions, various phase-in periods and later effective dates apply. The chief features of the new rules are summarized below.

The new rules refine the definitions of what constitutes regulatory capital and add a new regulatory capital element, common equity Tier 1 capital. The minimum capital ratios are (i) a common equity Tier 1 ("CET1") risk-based capital ratio of 4.5%; (ii) a Tier 1 risk-based capital ratio of 6%; (iii) a total risk-based capital ratio of 8%; and (iv) a Tier 1 leverage ratio of 4%. In addition to the minimum capital ratios, the new rules include a capital conservation buffer, under which a banking organization must have CET1 more than 2.5% above each of its minimum risk-based capital ratios in order to avoid restrictions on paying dividends, repurchasing shares, and paying certain discretionary bonuses.

Effective January 1, 2015, the new rules also revised the prompt corrective action framework, which is designed to place restrictions on insured depository institutions if their capital levels show signs of weakness. Under the new prompt corrective action requirements, insured depository institutions are required to meet the following in order to qualify as "well capitalized:" (i) a common equity Tier 1 risk-based capital ratio of at least 6.5%; (ii) a Tier 1 risk-based capital ratio of at least 8%; (iii) a total risk-based capital ratio of at least 10%; and (iv) a Tier 1 leverage ratio of 5%.

Recent Accounting Pronouncements

See Note 1 to the accompanying audited financial statements for a description of recent accounting pronouncements including the respective dates of adoption and expected effects on the Company's financial position and results of operations.

Comparison of Financial Condition at December 31, 2015 and December 31, 2014

During the year ended December 31, 2015, total assets increased by $152.9 million to $4.10 billion. The increase was primarily attributable to an increase in loans. These increases were due to growth of the Company's loan portfolio through significant loan originations in 2015. Partially offsetting these increases were declines in the balances of available-for-sale-securities, cash and cash equivalents, the FDIC indemnification asset and other real estate owned. The Company chose to sell certain mortgage-backed securities during 2015 and also elected to not reinvest the monthly repayments received on mortgage-backed securities in new investment securities. The majority of the proceeds from these sales and repayments were used to fund loan growth.

Net loans increased $301.7 million to $3.34 billion at December 31, 2015. Outstanding balances of construction loans (primarily commercial construction) increased $87.8 million, or 30.3%, consumer auto loans increased $113.4 million, or 28.3%, commercial real estate loans increased $105.9 million, or 11.5%, and multi-family residential loans increased $50.5 million, or 13.9%. Partially offsetting these increases was a decrease in net loans acquired through the FDIC-assisted transactions of $95.6 million, or 20.9%, primarily because of loan repayments.

Related to the loans purchased in the 2012, 2011 and 2009 FDIC-assisted transactions, the Company recorded indemnification assets which represent payments expected to be received from the FDIC through loss sharing agreements. The total balance of the FDIC indemnification asset decreased $20.3 million to $24.1 million at December 31, 2015. The decrease was primarily due to estimated

improved cash flows to be collected from the loan obligors, resulting in reductions in payments expected to be received from the FDIC, as well as the billing and collection of realized losses from the FDIC. The expected improved cash flows are further discussed in the "Interest Income – Loans" section below. The 2014 Valley Bank acquisition did not include a loss sharing agreement with the FDIC; therefore, no indemnification asset was recorded as part of the transaction.

Securities available for sale decreased $102.7 million, or 28.1%, as compared to December 31, 2014. The decrease was due to sales of certain mortgage-backed securities, normal monthly payments received related to the portfolio of mortgage-backed securities, and calls and maturities of municipal securities. The investment securities were reduced because they were no longer needed for pledging. The available-for-sale securities portfolio was 6.4% and 9.3% of total assets at December 31, 2015 and 2014, respectively.

Total liabilities increased $174.4 million from $3.53 billion at December 31, 2014 to $3.71 billion at December 31, 2015. The increase was primarily attributable to increases in deposits, partially offset by decreases in securities sold under reverse repurchase agreements with customers, short-term borrowings, Federal Home Loan Bank advances and subordinated debentures issued to capital trusts. In the year ended December 31, 2015, total deposit balances increased $277.8 million, or 9.3%. Non-interest-bearing checking and savings accounts increased $53.4 million and retail certificates of deposit increased $80.4 million. At December 31, 2015 and December 31, 2014, Great Southern Bank customer deposits totaling $12.2 million and $23.7 million, respectively, were part of the CDARS program which allows bank customers to maintain balances in an insured manner that would otherwise exceed the FDIC deposit insurance limit. The FDIC counts these deposits as brokered, but these are deposit accounts that we generate with customers in our local markets. Brokered deposits, including CDARS program purchased funds, increased from $149.8 million at December 31, 2014, to $271.5 million at December 31, 2015. The Company elected to increase brokered deposits to fund its loan growth and reduce short-term borrowings and FHLBank advances during the period.

Short-term borrowings decreased $41.2 million, or 97.0%, from December 31, 2014. The decrease was due to the repayment of overnight borrowings during the period.

Securities sold under reverse repurchase agreements with customers decreased $52.8 million, or 31.3%, from December 31, 2014 as these balances fluctuate over time based on customer demand for this product.

FHLBank advances decreased $8.1 million, or 3.0%, from December 31, 2014 to December 31, 2015, due to net decreases in short-term advances.

Subordinated debentures issued to capital trusts decreased $5.2 million, or 16.7%, from December 31, 2014 to December 31, 2015. In July 2015, the Company was the successful bidder in an auction of the $5.0 million aggregate liquidation amount of floating rate cumulative trust preferred securities issued in 2007 by Great Southern Capital Trust III. The Company purchased the trust preferred securities at a discount, which resulted in a pre-tax gain of approximately $1.1 million. Subsequent to the purchase, which resulted in the Company's ownership of all of the outstanding common and preferred securities of Great Southern Capital Trust III, such securities were canceled and the principal amount of the Company's related debentures, which had equaled the aggregate liquidation amount of the outstanding common and preferred securities of Great Southern Capital Trust III, was reduced to zero.

Total stockholders' equity decreased $21.5 million from $419.7 million at December 31, 2014 to $398.2 million at December 31, 2015. The decrease was due to the redemption, in December 2015, of all of the Company's SBLF Preferred Stock, totaling $57.9 million. The Company recorded net income of $46.5 million for the year ended December 31, 2015, common dividends declared were $11.9 million, preferred dividends paid were $553,000, and accumulated other comprehensive income decreased $1.4 million. The decrease in accumulated other comprehensive income resulted from decreases in the fair value of the Company's available-for-sale investment securities. In addition, total stockholders' equity increased $3.7 million due to stock option exercises.

Results of Operations and Comparison for the Years Ended December 31, 2015 and 2014

General

Net income increased $3.0 million, or 6.8%, during the year ended December 31, 2015, compared to the year ended December 31, 2014. Net income was $46.5 million for the year ended December 31, 2015 compared to $43.5 million for the year ended December 31, 2014. This increase was due to an increase in net interest income of $793,000, or 0.5% and a decrease in non-interest expense of $6.5 million, or 5.4%, partially offset by an increase in provision for income taxes of $1.8 million, or 13.2%, an increase in the provision for loan losses of $1.4 million, or 33.0% and a decrease in non-interest income of $1.2 million, or 7.8%. Non-interest income for the year ended December 31, 2014 included a gain recognized on business acquisition of $10.8 million. Net income available to common shareholders was $45.9 million for the year ended December 31, 2015 compared to $43.0 million for the year ended December 31, 2014.

Total Interest Income

Total interest income increased $989,000, or 0.5%, during the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase was due to a $4.7 million, or 2.7%, increase in interest income on loans, partially offset by a $3.7 million, or 34.1%, decrease in interest income on investments and other interest-earning assets. Interest income on loans increased in 2015 due to higher average balances on loans, partially offset by lower average rates of interest. Interest income from investment securities and other interest-earning assets decreased during 2015 compared to 2014 primarily due to lower average balances. The lower average balances of investments were primarily due to the sale of certain mortgage-backed securities, and as a result of management's decision to not reinvest mortgage-backed securities' monthly cash flows and proceeds of sales back into investments, but to utilize the proceeds to fund a portion of our loan growth. Prepayments on the mortgages underlying these securities resulted in amortization of premiums which also reduced yields. Interest income on loans is affected by variations in the adjustments to accretable yield due to increases in expected cash flows to be received from the FDIC-acquired loan pools as discussed below in "Interest Income – Loans" and in Note 4 of the accompanying audited financial statements. In 2015, many higher yielding loans matured or were repaid. These loans were replaced with new loans that were generally at rates lower than those that repaid during the year, resulting in lower overall yields in the loan portfolio. Higher average balances of loans more than offset the lower interest yield on loans.

Interest Income - Loans

During the year ended December 31, 2015 compared to the year ended December 31, 2014, interest income on loans increased due to higher average balances, partially offset by lower average interest rates. Interest income increased $26.1 million as a result of higher average loan balances which increased from $2.78 billion during the year ended December 31, 2014 to $3.24 billion during the year ended December 31, 2015. The higher average balances were primarily due to increases in commercial construction loans, consumer loans, commercial real estate loans, other residential loans and owner occupied one- to four-family residential loan categories. A portion of this average balance increase resulted from the Company acquiring $165.1 million in loans (net of discounts) as part of the Valley Bank FDIC-assisted transaction on June 20, 2014, the aggregate balance of which was $93.4 million (net of discounts) at December 31, 2015.

Interest income decreased $21.4 million as the result of lower average interest rates on loans. The average yield on loans decreased from 6.20% during the year ended December 31, 2014 to 5.48% during the year ended December 31, 2015. This decrease was due to lower overall loan rates, and a lower amount of accretion income in the current year in conjunction with the fair value of the loan pools acquired in the FDIC-assisted transactions, as the additional yield accretion was lower in 2015 compared to 2014. On an on-going basis, the Company estimates the cash flows expected to be collected from the acquired loan pools. This cash flows estimate has increased, based on the payment histories and reduced loss expectations of the loan pools, resulting in adjustments to be spread on a level-yield basis over the remaining expected lives of the loan pools. For the loan pools acquired in the 2009, 2011 and 2012 FDIC-assisted transactions, the increases in expected cash flows also reduced the amount of expected reimbursements under the loss sharing agreements with the FDIC, which are recorded as indemnification assets. Therefore, the expected indemnification assets have also been reduced, resulting in adjustments to be amortized on a comparable basis over the remainder of the loss sharing agreements or the remaining expected life of the loan pools, whichever is shorter. For the years ended December 31, 2015 and 2014, the adjustments increased interest income by $28.5 million and $35.0 million, respectively, and decreased non-interest income by $19.5 million and $28.7 million, respectively. The net impact to pre-tax income was $9.0 million and $6.2 million, respectively, for the years ended December 31, 2015 and 2014. As of December 31, 2015, the remaining accretable yield adjustment that will affect interest income is $12.0 million and the remaining adjustment to the indemnification assets, including the effects of the clawback liability related to InterBank, that will affect non-interest income (expense) is $(8.6) million. Of the remaining adjustments, we expect to recognize $9.1 million of interest income and $(6.0) million of non-interest income (expense) during 2016. Additional adjustments may be recorded in future periods from the FDIC-assisted transactions, as the Company continues to estimate expected cash flows from the acquired loan pools. Apart from the yield accretion, the average yield on loans was 4.60% for the year ended December 31, 2015, down from 4.94% for the year ended December 31, 2014, as a result of loan pay-offs and normal amortization of higher-rate loans and new loans that were made at current lower market rates.

In addition, the Company's net interest margin has been positively impacted by additional yield accretion recognized in conjunction with updated estimates of the fair value of the loan pools acquired in the June 2014 Valley Bank FDIC-assisted transaction. Beginning with the three months ended December 31, 2014, the cash flow estimates have increased for certain of the Valley Bank loan pools primarily based on significant loan repayments and also due to collection of certain loans, thereby reducing loss expectations on certain of the loan pools. This resulted in increased income that was spread on a level-yield basis over the remaining expected lives of these loan pools. The Valley Bank transaction does not include a loss sharing agreement with the FDIC. Therefore, there is no related indemnification asset. The entire amount of the discount adjustment will be accreted to interest income over time with no offsetting impact to non-interest income. The amount of the Valley Bank discount adjustment accreted to interest income for the year ended December 31, 2015 was $5.7 million, and is included in the impact on net interest income/net interest margin amount discussed above. Based on current estimates, we anticipate recording additional interest income accretion of $3.0 million during 2016 related to these Valley Bank loan pools.

In the year ended December 31, 2015, the Company collected $891,000 from customers on loans which had previously not been expected to be collectible. In accordance with the Company's accounting methodology, these collections were accounted for as increases in estimated cash flows and were recorded as interest income, thereby increasing net interest income and net interest margin. These collections related to acquired loans which were subject to loss sharing agreements with the FDIC; therefore, 80% of the amounts collected, or $713,000, was owed to the FDIC. This $713,000 of expense is included in non-interest income under "accretion (amortization) of income related to business acquisitions."

Interest Income - Investments and Other Interest-earning Assets

Interest income on investments decreased $3.4 million as a result of a decrease in average balances from $495.2 million during the year ended December 31, 2014, to $330.3 million during the year ended December 31, 2015. Average balances of securities decreased due to sales of certain mortgage-backed securities, normal monthly payments received related to the portfolio of mortgage-backed securities, and calls and maturities of maturities of municipal securities. The investment securities were reduced because they were no longer needed for pledging. Interest income on investments decreased $272,000 as a result of a decrease in average interest rates from 2.11% during the year ended December 31, 2014 to 2.06% during the year ended December 31, 2015. The majority of the Company's securities in 2014 and 2015 were mortgage-backed securities which are backed by hybrid ARMs that have fixed rates of interest for a period of time (generally one to ten years) and then adjust annually. The actual amount of securities that reprice and the actual interest rate changes on these securities are subject to the level of prepayments on these securities and the changes that actually occur in market interest rates (primarily treasury rates and LIBOR rates). Mortgage-backed securities are also subject to reduced yields due to more rapid prepayments in the underlying mortgages. As a result, premiums on these securities may be amortized against interest income more quickly, thereby reducing the yield recorded.

Interest income on other interest-earning assets decreased $62,000 mainly due to lower average balances from $185.1 million during the year ended December 31, 2014, to $152.7 million during the year ended December 31, 2015. Average balances of interest-earning deposits decreased primarily due to the use of excess liquidity to fund a portion of the Company's loan growth. The Company's interest-earning deposits and non-interest-earning cash equivalents currently earn very low or no yield and therefore negatively impact the Company's net interest margin. At December 31, 2015, the Company had cash and cash equivalents of $199.2 million compared to $218.6 million at December 31, 2014. See "Net Interest Income" for additional information on the impact of this interest activity.

Total Interest Expense

Total interest expense increased $196,000, or 1.2%, during the year ended December 31, 2015, when compared with the year ended December 31, 2014, due to an increase in interest expense on deposits of $2.3 million, or 20.4% and an increase in interest expense on subordinated debentures issued to capital trust of $147,000, or 25.9%, partially offset by a decrease in interest expense on FHLBank advances of $1.2 million, or 41.3%, and a decrease in interest expense on short-term and structured repo borrowings of $1.0 million, or 94.1%.

Interest Expense - Deposits

Interest on demand deposits decreased $176,000 due to a decrease in average rates from 0.22% during the year ended December 31, 2014, to 0.20% during the year ended December 31, 2015. Interest on demand deposits decreased $54,000 due to a small decrease in average balances from $1.43 billion in the year ended December 31, 2014, to $1.40 billion in the year ended December 31, 2015. The decrease in average balances of interest-bearing demand deposits was primarily a result of a decrease in public funds deposits. Average noninterest-bearing demand balances increased from $535 million for the year ended December 31, 2014, to $542 million for the year ended December 31, 2015.

Interest expense on time deposits increased $1.8 million due to an increase in average balances of time deposits from $1.04 billion during the year ended December 31, 2014, to $1.26 billion during the year ended December 31, 2015. The increase in average balances of time deposits was primarily a result of increased balances of brokered deposits and time deposits opened through the Company's internet deposit acquisition channels. The increase in time deposit balances was also due to the deposits acquired in the Valley Bank transaction on June 20, 2014. Interest expense on time deposits increased $741,000 as a result of an increase in average rates of interest from 0.78% during the year ended December 31, 2014, to 0.85% during the year ended December 31, 2015. A large portion of the Company's certificate of deposit portfolio matures within six to eighteen months and therefore reprices fairly quickly; this is consistent with the portfolio over the past several years.

Interest Expense - FHLBank Advances, Short-term Borrowings and Structured Repurchase Agreements and Subordinated Debentures Issued to Capital Trust

During the year ended December 31, 2015 compared to the year ended December 31, 2014, interest expense on FHLBank advances decreased due to lower average rates of interest, partially offset by slightly higher average balances. Interest expense on FHLBank advances decreased $1.3 million due to a decrease in average interest rates from 1.69% in the year ended December 31, 2014, to

0.97% in the year ended December 31, 2015. The significant decrease in the average rate was due to the repayment of $80 million of the Company's long-term higher-rate FHLBank advances in June 2014. As of December 31, 2015, $232 million of the Company's $264 million of total FHLBank advances are short-term advances with very low interest rates. Partially offsetting this decrease was an increase in interest expense on FHLBank advances of $64,000 due to an increase in average balances from $172.0 million in the year ended December 31, 2014, to $175.9 million in the year ended December 31, 2015. This increase was primarily due to additional short-term FHLBank advances obtained by the Company during 2015 to fund loan growth and for other short term funding needs.

Interest expense on short-term and structured repo borrowings decreased $1.1 million due to a decrease in average rates on short-term borrowings from 0.58% in the year ended December 31, 2014, to 0.03% in the year ended December 31, 2015. The Company repaid $50 million of structured repurchase agreements in June 2014. As there were no higher-rate structured repurchase agreements during 2015, the average rate decreased significantly because the interest expense was all related to the lower-rate securities sold under repurchase agreements with customers. Partially offsetting that decrease, interest expense on short-term borrowings and structured repurchase agreements increased $18,000 due to an increase in average balances from $188.9 million during the year ended December 31, 2014, to $192.1 million during the year ended December 31, 2015.

During the year ended December 31, 2015, compared to the year ended December 31, 2014, interest expense on subordinated debentures issued to capital trusts increased $189,000 due to higher average interest rates. The average interest rate was 1.83% in 2014, compared to 2.48% in 2015. The increase in the interest rate resulted from the amortization of the cost of interest rate caps the Company purchased in 2013 to limit the interest rate risk from rising LIBOR rates related to the Company's subordinated debentures issued to capital trusts. Interest expense on subordinated debentures issued to capital trusts decreased $42,000 due to a decrease in average balances from $30.9 million for the year ended December 31, 2014 to $28.8 million during the year ended December 31, 2015. The average balance decreased because the Company redeemed $5.0 million of its subordinated debentures issued to capital trust during 2015. Additional information regarding this transaction is provided in Note 13 of the accompanying audited financial statements. The remaining debentures are variable-rate debentures which bear interest at an average rate of three-month LIBOR plus 1.60%, adjusting quarterly. The average interest rate will continue to be higher than this until the third quarter of 2017 as a result of the amortization of the cost of the interest rate cap.

Net Interest Income

Net interest income for the year ended December 31, 2015 increased $793,000 to $168.4 million compared to $167.6 million for the year ended December 31, 2014. Net interest margin was 4.53% for the year ended December 31, 2015, compared to 4.84% in 2014, a decrease of 31 basis points. The Company's net interest income and margin have been significantly impacted by additional yield accretion recognized in conjunction with updated estimates of the fair value of the loan pools acquired in the 2009, 2011 and 2012 FDIC-assisted transactions. The Company's margin was positively impacted in both years by the increases in expected cash flows to be received from the loan pools acquired in the FDIC-assisted transactions and the resulting increases to accretable yield which was discussed previously in "Interest Income – Loans" and is discussed in Note 4 of the accompanying audited financial statements. The impact of these changes on the years ended December 31, 2015 and 2014 were increases in interest income of $28.5 million and $35.0 million, respectively, and increases in net interest margin of 77 basis points and 101 basis points, respectively. Excluding the positive impact of the additional yield accretion, net interest margin decreased 7 basis points during the year ended December 31, 2015. The decrease in net interest margin was primarily due to a decrease in average interest rate on loans and an increase in the average interest rate on time deposits.

The Company's overall interest rate spread decreased 30 basis points, or 6.3%, from 4.74% during the year ended December 31, 2014, to 4.44% during the year ended December 31, 2015. The decrease was due to a 33 basis point decrease in the weighted average yield on interest-earning assets, partially offset by a three basis point decrease in the weighted average rate paid on interest-bearing liabilities. In comparing the two years, the yield on loans decreased 72 basis points while the yield on investment securities and other interest-earning assets decreased 12 basis points. The rate paid on deposits increased six basis points, the rate paid on FHLBank advances decreased 72 basis points, the rate paid on short-term borrowings decreased 55 basis points and the rate paid on subordinated debentures issued to capital trust increased 65 basis points.

For additional information on net interest income components, refer to the "Average Balances, Interest Rates and Yields" table in this Report.

Provision for Loan Losses and Allowance for Loan Losses

Management records a provision for loan losses in an amount it believes sufficient to result in an allowance for loan losses that will cover current net charge-offs as well as risks believed to be inherent in the loan portfolio of the Bank. The amount of provision charged against current income is based on several factors, including, but not limited to, past loss experience, current portfolio mix, actual and potential losses identified in the loan portfolio, economic conditions, and internal as well as external reviews. The levels of non-performing assets, potential problem loans, loan loss provisions and net charge-offs fluctuate from period to period and are difficult to predict.

Weak economic conditions, higher inflation or interest rates, or other factors may lead to increased losses in the portfolio and/or requirements for an increase in loan loss provision expense. Management maintains various controls in an attempt to limit future losses, such as a watch list of possible problem loans, documented loan administration policies and a loan review staff to review the quality and anticipated collectability of the portfolio. Additional procedures provide for frequent management review of the loan portfolio based on loan size, loan type, delinquencies, on-going correspondence with borrowers and problem loan work-outs. Management determines which loans are potentially uncollectible, or represent a greater risk of loss, and makes additional provisions to expense, if necessary, to maintain the allowance at a satisfactory level.

The provision for loan losses increased $1.4 million to $5.5 million during the year ended December 31, 2015, when compared with the year ended December 31, 2014. At December 31, 2015, the allowance for loan losses was $38.1 million, a decrease of $286,000 from December 31, 2014. Total net charge-offs were $5.8 million for each of the years ended December 31, 2015 and 2014, respectively. Excluding those related to loans covered by loss sharing agreements, five relationships made up $2.6 million of the total $5.8 million in net charge-offs for the year ended December 31, 2015. General market conditions and unique circumstances related to individual borrowers and projects also contributed to the level of provisions and charge-offs. As properties were categorized as potential problem loans, non-performing loans or foreclosed assets, evaluations were made of the values of these assets with corresponding charge-offs as appropriate.

Except for those loans acquired in the TeamBank and Vantus Bank transactions for which the loss sharing agreements have ended (i.e., non-single family real estate loans), loans acquired in the 2009, 2011 and 2012 FDIC-assisted transactions are covered by loss sharing agreements between the FDIC and Great Southern Bank which afford Great Southern Bank at least 80% protection from losses in the acquired portfolio of loans. The FDIC loss sharing agreements are subject to limitations on the types of losses covered and the length of time losses are covered and are conditioned upon the Bank complying with its requirements in the agreements with the FDIC. These limitations are described in detail in Note 4 of the accompanying audited financial statements. These acquired loans were grouped into pools based on common characteristics and were recorded at their estimated fair values, which incorporated estimated credit losses at the acquisition dates. These loan pools are systematically reviewed by the Company to determine the risk of losses that may exceed those identified at the time of the acquisition. Techniques used in determining risk of loss are similar to those used to determine the risk of loss for the legacy Great Southern Bank portfolio, with most focus being placed on those loan pools which include the larger loan relationships and those loan pools which exhibit higher risk characteristics. Review of the acquired loan portfolio also includes meetings with customers, review of financial information and collateral valuations to determine if any additional losses are apparent. Former Valley Bank loans, which were also acquired in an FDIC-assisted transaction, are accounted for in pools and were recorded at their fair value at the time of the acquisition as of June 20, 2014; therefore, these loan pools are analyzed rather than the individual loans.

The Bank's allowance for loan losses as a percentage of total loans, excluding loans covered by the FDIC loss sharing agreements, was 1.20% and 1.34% at December 31, 2015 and 2014, respectively. Management considers the allowance for loan losses adequate to cover losses inherent in the Company's loan portfolio at December 31, 2015, based on recent reviews of the Company's loan portfolio and current economic conditions. If economic conditions were to deteriorate or management’s assessment of the loan portfolio were to change, it is possible that additional loan loss provisions would be required, thereby adversely affecting future results of operations and financial condition.

Non-performing Assets

Former TeamBank, Vantus Bank, Sun Security Bank and InterBank non-performing assets, including foreclosed assets, are not included in the totals or in the discussion of non-performing loans, potential problem loans and foreclosed assets below as they are, or were, subject to loss sharing agreements with the FDIC, which cover at least 80% of principal losses that may be incurred in these portfolios for the applicable terms under the agreements. At December 31, 2015, there were no material non-performing assets that were previously covered, and are now not covered, under the TeamBank or Vantus Bank non-single-family loss sharing agreements. In addition, FDIC-supported TeamBank, Vantus Bank, Sun Security Bank and InterBank assets were initially recorded at their estimated fair values as of their acquisition dates of March 20, 2009, September 4, 2009, October 7, 2011, and April 27, 2012, respectively. The overall performance of the FDIC-covered loan pools acquired in 2009, 2011 and 2012 has been better than original

expectations as of the acquisition dates. Former Valley Bank loans are also excluded from the totals and the discussion of non-performing loans, potential problem loans and foreclosed assets below, although they are not covered by a loss sharing agreement.

The loss sharing agreement for the non-single-family portion of the loans acquired in the TeamBank transaction ended on March 31, 2014. Any additional losses in that non-single-family portfolio will not be eligible for loss sharing coverage. At this time, the Company does not expect any material losses in this non-single-family loan portfolio, which totaled $16.2 million, net of discounts, at December 31, 2015.

The loss sharing agreement for the non-single-family portion of the loans acquired in the Vantus Bank transaction ended on September 30, 2014. Any additional losses in that non-single-family portfolio will not be eligible for loss sharing coverage. At this time, the Company does not expect any material losses in this non-single-family loan portfolio, which totaled $17.1 million, net of discounts, at December 31, 2015.

As a result of changes in balances and composition of the loan portfolio, changes in economic and market conditions that occur from time to time, and other factors specific to a borrower's circumstances, the level of non-performing assets will fluctuate.

Non-performing assets, excluding FDIC-covered non-performing assets and other FDIC-assisted acquired assets, at December 31, 2015, were $44.0 million, an increase of $272,000 from $43.7 million at December 31, 2014. Non-performing assets, excluding FDIC-covered non-performing assets and other FDIC-assisted acquired assets, as a percentage of total assets were 1.07% at December 31, 2015, compared to 1.11% at December 31, 2014.

Compared to December 31, 2014, non-performing loans increased $8.5 million to $16.6 million at December 31, 2015, and foreclosed assets decreased $8.1 million to $27.4 million at December 31, 2015. Non-performing commercial real estate loans comprised $13.5 million, or 81.4%, of the total of $16.6 million of non-performing loans at December 31, 2015. Non-performing one-to four-family residential loans comprised $1.4 million, or 8.2%, of the total non-performing loans at December 31, 2015. Non-performing consumer loans were $1.3 million, or 7.8%, of total non-performing loans at December 31, 2015. Non-performing commercial business loans were $288,000, or 1.7%, of total non-performing loans at December 31, 2015. Non-performing construction and land development loans were $139,000, or 0.8%, of total non-performing loans at December 31, 2015.

Non-performing Loans. Activity in the non-performing loans category during the year ended December 31, 2015, was as follows:

	Beginning Balance, January 1	Additions	Removed from Non-Performing	Transfers to Potential Problem Loans	Transfers to Foreclosed Assets	Charge-Offs	Payments	Ending Balance, December 31
	(In Thousands)							
One- to four-family construction	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Subdivision construction	—	109	—	—	—	(55)	(54)	—
Land development	255	144	—	(50)	—	(197)	(13)	139
Commercial construction	—	—	—	—	—	—	—	—
One- to four-family residential	1,610	1,361	(451)	(340)	(316)	(66)	(441)	1,357
Other residential	—	—	—	—	—	—	—	—
Commercial real estate	4,699	13,391	(1,469)	—	(2,620)	(22)	(491)	13,488
Other commercial	466	415	(56)	(35)	—	(384)	(118)	288
Consumer	1,117	2,175	(198)	(114)	(188)	(514)	(981)	1,297
Total	$ 8,147	$ 17,595	$ (2,174)	$ (539)	$ (3,124)	$ (1,238)	$ (2,098)	$ 16,569

At December 31, 2015, the non-performing commercial real estate category included nine loans, five of which were transferred from potential problem loans during the current year and related to three relationships. The largest relationship in this category, which was transferred from potential problem loans to non-performing loans during the three months ended December 31, 2015, totaled $6.5 million, or 48.1% of the total category, and is collateralized by three operating long-term health care facilities in Missouri. This relationship with the Bank began in 2000 and has performed adequately until recently. A receiver was recently appointed to manage and stabilize the facilities. The second largest relationship in this category, which was also transferred from potential problem loans during the three months ended December 31, 2015, totaled $3.7 million, or 27.6%, of the total category, and is collateralized by property in the Branson, Mo., area, including a lakefront resort, marina and related amenities, condominiums and lots. This borrower

has been in business for over 30 years and a bank customer since 1992. In 2015, the project experienced declining occupancy rates and entered bankruptcy in the latter part of 2015. Of the $1.5 million removed from non-performing commercial real estate loans during the year, $1.3 million was related to one loan, and was removed due to improvement in the credit and payment performance. The non-performing one- to four-family residential category included 27 loans, 16 of which were added during the year. The non-performing consumer category included 101 loans, 84 of which were added during the year.

Foreclosed Assets. Of the total $31.9 million of other real estate owned at December 31, 2015, $1.8 million represents the fair value of foreclosed assets covered by FDIC loss sharing agreements, $460,000 represents the fair value of foreclosed assets previously covered by FDIC loss sharing agreements, $995,000 represents foreclosed assets related to Valley Bank and not covered by loss sharing agreements, $25,000 represents other assets related to acquired loans, and $1.2 million represents properties which were not acquired through foreclosure. The foreclosed assets and other assets related to acquired loans and the properties not acquired through foreclosure are not included in the following table and discussion of foreclosed assets. Because sales of foreclosed properties exceeded additions, total foreclosed assets decreased. Activity in foreclosed assets during the year ended December 31, 2015, was as follows:

	Beginning Balance, January 1	Additions	Proceeds from Sales	Capitalized Costs	ORE Expense Write-Downs	Ending Balance, December 31
			(In Thousands)			
One- to four-family construction	$ 223	$ —	$ (223)	$ —	$ —	$ —
Subdivision construction	9,857	—	(2,369)	—	(472)	7,016
Land development	17,168	—	(5,006)	—	(29)	12,133
Commercial construction	—	—	—	—	—	—
One- to four-family residential	3,353	473	(2,350)	—	(101)	1,375
Other residential	2,625	—	(488)	13	—	2,150
Commercial real estate	1,632	2,620	(614)	—	(30)	3,608
Commercial business	59	—	(59)	—	—	—
Consumer	624	5,110	(4,625)	—	—	1,109
Total	$ 35,541	$ 8,203	$ (15,734)	$ 13	$ (632)	$ 27,391

At December 31, 2015, the land development category of foreclosed assets included 26 properties, the largest of which was located in northwest Arkansas and had a balance of $1.4 million, or 11.3% of the total category. Of the total dollar amount in the land development category of foreclosed assets, 35.4% and 36.2% was located in northwest Arkansas and in the Branson, Mo., area, respectively, including the $1.4 million property previously mentioned. Of the $5.0 million in proceeds from sales in the category, $3.9 million related to the sale of six properties, which included one property located in northwest Arkansas which was sold during the three months ended December 31, 2015, totaling $1.3 million. In addition, two properties totaling $1.6 million in the Branson, Mo., area were sold, two properties in northwest Arkansas totaling $1.3 million were sold and one property in southwest Missouri totaling $585,000 was sold. The subdivision construction category of foreclosed assets included 25 properties, the largest of which was located in the Springfield, Mo. metropolitan area and had a balance of $1.2 million, or 17.6% of the total category. Of the total dollar amount in the subdivision construction category of foreclosed assets, 32.2% and 16.4% is located in Branson, Mo. and Springfield, Mo., respectively. Of the $2.4 million in sales in this category, $2.3 million was from the sale of two properties. One subdivision property totaling $1.3 million in the Kansas City, Mo. metropolitan area was sold and one subdivision property in the St. Louis, Mo. metropolitan area totaling $931,000 was sold. The commercial real estate category of foreclosed assets included eight properties, three of which were related to the same borrower. The largest property in the commercial real estate category of foreclosed assets, which was located in southeast Missouri and was added during the three months ended March 31, 2015, totaled $2.0 million, or 56.0% of the total category. The other residential category of foreclosed assets included 11 properties, 10 of which were all part of the same condominium community, which was located in Branson, Mo. and had a balance of $1.8 million, or 83.7% of the total category. The one-to four-family residential category of foreclosed assets included seven properties, of which the largest relationship, with two properties in the southwest Missouri area, had a balance of $554,000, or 40.3% of the total category. Of the total dollar amount in the one-to- four-family category of foreclosed assets, 38.2% is located in Branson, Mo.

Potential Problem Loans. Potential problem loans decreased $12.2 million during the year ended December 31, 2015, from $25.0 million at December 31, 2014 to $12.8 million at December 31, 2015. This decrease was due to $11.2 million in loans transferred to the non-performing category, $8.6 million in loans removed from potential problem loans due to improvements in the credits, $2.0 million in charge-offs, $157,000 in loans transferred to foreclosed assets, and $2.6 million in payments on potential problem loans, partially offset by the addition of $12.3 million of loans to potential problem loans. Potential problem loans are loans which management has identified through routine internal review procedures as having possible credit problems that may cause the borrowers difficulty in complying with current repayment terms. These loans are not reflected in non-performing assets, but are considered in determining the adequacy of the allowance for loan losses. Activity in the potential problem loans category during the year ended December 31, 2015, was as follows:

	Beginning Balance, January 1	Additions	Removed from Potential Problem	Transfers to Non-Performing	Transfers to Foreclosed Assets	Charge-Offs	Payments	Ending Balance, December 31
	(In Thousands)							
One- to four-family construction	$ 1,312	$ 368	$ (683)	$ —	$ —	$ —	$ (997)	$ —
Subdivision construction	4,252	863	(3,750)	(139)	—	—	(650)	576
Land development	5,857	—	(2,012)	—	—	—	(3)	3,842
Commercial construction	—	—	—	—	—	—	—	—
One- to four-family residential	1,906	489	(796)	(349)	(157)	(14)	(235)	844
Other residential	1,956	—	—	—	—	—	—	1,956
Commercial real estate	8,043	10,254	(670)	(10,687)	—	(1,433)	(221)	5,286
Other commercial	1,435	131	(464)	(21)	—	(527)	(373)	181
Consumer	214	227	(199)	(17)	—	(5)	(86)	134
Total	$ 24,975	$ 12,332	$ (8,574)	$ (11,213)	$ (157)	$ (1,979)	$ (2,565)	$ 12,819

At December 31, 2015, the commercial real estate category of potential problem loans included 10 loans, seven of which were added during the current year. The largest relationship in this category, which was made up of five new loans added during the three months ended December 31, 2015, had a balance of $2.9 million, or 55.7% of the total category and is collateralized by various properties in the Branson, Mo., area., including commercial buildings, commercial land, residential lots and undeveloped land with clubhouse amenities and entertainment attractions. This relationship has been with the Bank for over 30 years. Of the $10.7 million of transfers to non-performing, $10.2 million were related to two relationships, which were discussed above in the non-performing loans section. All of the net charge-offs in the commercial real estate category related to these two relationships. The land development category of potential problem loans included one loan, which was added during a previous year and is collateralized by property in the Branson, Mo., area. The other residential category of potential problem loans included one loan which was added in a previous year, and is collateralized by properties located in the Branson, Mo., area. This loan was also to the same borrower that was referenced above in the land development category. The one- to four-family residential category of potential problem loans included 12 loans, two of which were added during the current year. The subdivision construction category of potential problem loans included three loans, two of which were added during the current year. Seven loans in this category were removed from potential problem loans during 2015, which included four loans to one borrower totaling $1.6 million. The loans were removed due to improvements in the credit and payment performance. The one-to four-family construction category of potential problem loans is zero at December 31, 2015, and three loans in this category, all of which were to the same borrower, were removed from potential problem loans during the year due to improvement in the borrower's financial performance. These loans were also to the same borrower that was referenced above in the loans which were removed from potential problem loans in the subdivision construction category.

Non-Interest Income

Non-interest income for the year ended December 31, 2015 was $13.6 million compared with $14.7 million for the year ended December 31, 2014. The decrease of $1.1 million, or 7.8%, was primarily the result of the following increases and decreases:

<u>Initial gain recognized on business acquisition:</u> In 2014, the Company recognized a one-time gain of $10.8 million (pre-tax) on the FDIC-assisted acquisition of Valley Bank, which occurred on June 20, 2014.

Excluding the gain referenced above, non-interest income increased $9.7 million when compared to the year ended December 31, 2014, primarily as a result of the following items:

Amortization of income related to business acquisitions: The net amortization expense related to business acquisitions was $18.3 million for the year ended December 31, 2015, compared to $27.9 million for the year ended December 31, 2014. The amortization expense for the year ended December 31, 2015, consisted of the following items: $17.9 million of amortization expense related to the changes in cash flows expected to be collected from the FDIC-covered loan portfolios and $1.6 million of amortization of the clawback liability. In addition, the Company collected amounts on various problem assets acquired from the FDIC totaling $891,000. Under the loss sharing agreements, 80% of these collected amounts must be remitted to the FDIC; therefore, the Company recorded a liability and related expense of $713,000. Partially offsetting the expense was income from the accretion of the discount related to the indemnification assets for the Sun Security Bank and InterBank acquisitions of $1.4 million. In addition, a charge-off on a loan pool which exceeded the remaining discount on the pool by $803,000 was recognized as a reduction to allowance for loan losses during the third quarter. The Bank expects to collect 80% of this amount as reimbursement from the FDIC, so income of $643,000 was recorded in non-interest income.

Service charges and ATM fees: Service charges and ATM fees increased $766,000 compared to the prior year, primarily due to an increase in fee income from the additional accounts acquired in the Valley Bank transaction in June 2014.

Other income: Other income increased $744,000 compared to the prior year. The increase was primarily due to a $1.1 million gain recognized when the Company redeemed the trust preferred securities previously issued by Great Southern Capital Trust III at a discount, as discussed in previous filings. This increase was offset by non-recurring debit card-related income of $1.0 million recognized during the 2014 period which was not repeated in the 2015 period. Other income increased $300,000 compared to the prior year due to a $300,000 gain recognized on the sale of a non-marketable investment.

Late charges and fees on loans: Late charges and fees on loans increased $729,000 compared to the prior year period. The increase was primarily due to yield maintenance penalty payments received on 12 commercial loan prepayments, totaling $547,000 in 2015.

Net realized gains on sales of available-for-sale securities: Gains on sales of available-for-sale securities decreased $2.1 million compared to the prior year. This was primarily due to the sale of securities in the prior year, which was not repeated in 2015. During 2014, the taxable municipal securities originally acquired in the Sun Security Bank acquisition were sold resulting in a gain of $1.2 million. All of the Company's Small Business Administration securities were sold in 2014, which produced a gain of $569,000. In addition, all of the mortgage-backed securities and collateralized mortgage obligations acquired in the Valley Bank acquisition were sold in 2014, and several additional securities were sold later in 2014, producing a gain of $227,000, and one municipal bond was sold at a gain of $95,000.

Non-Interest Expense

Total non-interest expense decreased $6.5 million, or 5.4%, from $120.9 million in the year ended December 31, 2014, to $114.4 million in the year ended December 31, 2015. The Company's efficiency ratio for the year ended December 31, 2015 was 62.85%, improving from 66.30% in 2014. The 2015 ratio was positively affected by the decrease in non-interest expense and the increase in net interest income, partially offset by a decrease in non-interest income. The Company's ratio of non-interest expense to average assets decreased from 3.16% for the year ended December 31, 2014, to 2.81% for the year ended December 31, 2015. The decrease in the current year ratio was primarily due to both the increase in average assets and the decrease in non-interest expense in 2015 compared to 2014. Average assets for the year ended December 31, 2015, increased $242.9 million, or 6.4%, from the year ended December 31, 2014. The following were key items related to the increase in non-interest expense for the year ended December 31, 2015 as compared to the year ended December 31, 2014:

Other Operating Expenses: Other operating expenses decreased $7.3 million, to $8.5 million, in the year ended December 31, 2015 compared to the prior year primarily due to $7.4 million in prepayment penalties paid in 2014 as the Company elected to repay $130 million of its FHLB advances and structured repo borrowings prior to their maturity, which was not repeated in 2015.

Expense on foreclosed assets: Expense on foreclosed assets decreased $3.1 million compared to the prior year primarily due to valuation write-downs of foreclosed assets during 2014 totaling $2.0 million. In addition, total foreclosed assets decreased from the prior year, further reducing the expenses.

Legal, audit and other professional fees: Legal, audit and other professional fees decreased $1.2 million when compared to the prior year, primarily due to additional expenses in the prior year related to the Valley Bank acquisition, significant collection costs of a few large loans and foreclosed assets, as well as the reduction of the total amount of foreclosed assets in the current year compared to the prior year.

Partially offsetting the decrease in non-interest expense was an increase in the following items:

Expenses related to operations of new banking centers in 2015: The Company incurred approximately $245,000 and $144,000 of additional non-interest expenses during the year ended December 31, 2015, in connection with the operations of new banking centers in Overland Park, Kansas and Columbia, Missouri, respectively. The majority of these expenses related to salary and benefits and occupancy expenses.

Salaries and employee benefits: Salaries and employee benefits increased $2.7 million over the prior year, primarily due to increased staffing due to growth in lending and other operational areas, as well as approximately $330,000 in retention payments and other acquisition-related salaries and benefits related to the Fifth Third Bank branch acquisition. In addition, the Company opened banking centers in 2015 in Overland Park, Kansas and Columbia, Missouri, and operated the acquired Valley Bank for a full year in 2015 versus one-half year of operations in 2014.

Net occupancy expense: Net occupancy expense increased $2.4 million in the year ended December 31, 2015 compared to 2014. In September 2015, the Company announced plans to consolidate operations of 16 banking centers into other nearby Great Southern banking center locations. The Company evaluated the carrying value of the affected premises (totaling approximately $7.5 million) to determine if any impairment of the value of these premises is warranted and has recorded a valuation allowance of $1.2 million related to certain affected premises, furniture, fixtures and equipment and leases in 2015. Occupancy expense also increased in 2015 as a result of the Valley Bank acquisition which occurred in June 2014, and due to the opening of the two branches in Overland Park and Columbia noted above.

Provision for Income Taxes

In 2014, the Company elected to early-adopt FASB ASU No. 2014-01, which amends FASB ASC Topic 323, Investments – Equity Method and Joint Ventures. This Update impacted the Company's accounting for investments in flow-through limited liability entities which manage or invest in affordable housing projects that qualify for the low-income housing tax credit. The amendments in the Update permitted reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense (benefit). The Company has significant investments in such qualified affordable housing projects that meet the required conditions. The Company's adoption of this Update did not materially affect the Company's financial position or results of operations. There was no change in Net Income for the periods covered in this document and there was no cumulative effect adjustment to Retained Earnings.

Provision for income taxes as a percentage of pre-tax income was 25.1% and 24.0% for the years ended December 31, 2015 and 2014, respectively, which was lower than the statutory federal tax rate of 35%, due primarily to the effects of the tax credits utilized and to tax-exempt investments and tax-exempt loans which reduced the Company's effective tax rate. In future periods, the Company expects its effective tax rate typically will be 24-26% of pre-tax net income, assuming it continues to maintain or increase its use of investment tax credits. The Company's effective tax rate may fluctuate as it is impacted by the level and timing of the Company's utilization of tax credits and the level of tax-exempt investments and loans and the overall level of pretax income. At this time, the Company expects to continue to utilize a significant amount of tax credits in 2016.

Average Balances, Interest Rates and Yields

The following table presents, for the periods indicated, the total dollar amount of interest income from average interest-earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates, and the net interest margin. Average balances of loans receivable include the average balances of non-accrual loans for each period. Interest income on loans includes interest received on non-accrual loans on a cash basis. Interest income on loans includes the amortization of net loan fees which were deferred in accordance with accounting standards. Fees included in interest income were $4.4 million, $3.2 million and $3.4 million for 2015, 2014 and 2013, respectively. Tax-exempt income was not calculated on a tax equivalent basis. The table does not reflect any effect of income taxes.

	Dec. 31, 2015[(2)]	Year Ended December 31, 2015			Year Ended December 31, 2014			Year Ended December 31, 2013		
	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
					(Dollars In Thousands)					
Interest-earning assets:										
Loans receivable:										
One- to four-family residential	4.38%	$ 459,378	$ 34,653	7.54%	$ 480,827	$ 41,343	8.60%	$ 472,127	$ 35,072	7.43%
Other residential	4.27	423,476	21,236	5.01	375,754	21,268	5.66	312,362	23,963	7.67
Commercial real estate	4.29	1,071,765	50,952	4.75	920,340	47,724	5.19	813,147	51,175	6.29
Construction	3.65	340,666	15,538	4.56	259,993	13,330	5.13	208,254	14,413	6.92
Commercial business	4.44	328,319	19,137	5.83	296,318	17,722	5.98	249,647	14,505	5.81
Other loans	5.24	569,873	33,377	5.86	404,375	28,593	7.07	297,852	21,947	7.37
Industrial revenue bonds (1)	5.25	42,310	2,347	5.55	46,499	2,589	5.57	50,155	2,828	5.64
Total loans receivable	4.56	3,235,787	177,240	5.48	2,784,106	172,569	6.20	2,403,544	163,903	6.82
Investment securities (1)	3.09	330,328	6,797	2.06	495,155	10,467	2.11	717,806	14,459	2.01
Other interest-earning assets	0.25	152,720	314	0.21	185,072	326	0.18	276,394	433	0.16
Total interest-earning assets	4.34	3,718,835	184,351	4.96	3,464,333	183,362	5.29	3,397,744	178,795	5.26
Non-interest-earning assets:										
Cash and cash equivalents		106,326			96,665			88,678		
Other non-earning assets		242,238			263,495			303,454		
Total assets		$4,067,399			$3,824,493			$3,789,876		
Interest-bearing liabilities:										
Interest-bearing demand and savings	0.24	$ 1,404,489	2,858	0.20	$ 1,429,893	3,088	0.22	$ 1,464,029	3,551	0.24
Time deposits	0.85	1,257,059	10,653	0.85	1,042,563	8,137	0.78	1,073,110	8,795	0.82
Total deposits	0.53	2,661,548	13,511	0.51	2,472,456	11,225	0.45	2,537,139	12,346	0.49
Short-term borrowings and repurchase agreements	0.04	192,055	65	0.03	188,906	1,099	0.58	232,598	2,324	1.00
Subordinated debentures issued to capital trust	1.93	28,754	714	2.48	30,929	567	1.83	30,929	561	1.81
FHLB advances	0.76	175,873	1,707	0.97	171,997	2,910	1.69	127,561	3,972	3.11
Total interest-bearing liabilities	0.54	3,058,230	15,997	0.52	2,864,288	15,801	0.55	2,928,227	19,203	0.66
Non-interest-bearing liabilities:										
Demand deposits		541,714			535,132			459,802		
Other liabilities		28,772			22,403			23,197		
Total liabilities		3,628,716			3,421,823			3,411,226		
Stockholders' equity		438,683			402,670			378,650		
Total liabilities and stockholders' equity		$4,067,399			$3,824,493			$3,789,876		
Net interest income:										
Interest rate spread	3.80%		$168,354	4.44%		$167,561	4.74%		$159,592	4.60%
Net interest margin*				4.53%			4.84%			4.70%
Average interest-earning assets to average interest-bearing liabilities		121.6%			120.9%			116.0%		

* Defined as the Company's net interest income divided by total interest-earning assets.

(1) Of the total average balances of investment securities, average tax-exempt investment securities were $79.9 million, $87.9 million and $80.9 million for 2015, 2014 and 2013, respectively. In addition, average tax-exempt industrial revenue bonds were $36.1 million, $38.5 million and $38.3 million in 2015, 2014 and 2013, respectively. Interest income on tax-exempt assets included in this table was $4.4 million, $5.2 million and $5.1 million for 2015, 2014 and 2013, respectively. Interest income net of disallowed interest expense related to tax-exempt assets was $4.2 million, $5.0 million and $4.9 million for 2015, 2014 and 2013, respectively.

(2) The yield/rate on loans at December 31, 2015 does not include the impact of the accretable yield (income) on loans acquired in the FDIC-assisted transactions. See "Net Interest Income" for a discussion of the effect on 2015 results of operations.

Rate/Volume Analysis

The following table presents the dollar amount of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities for the periods shown. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (i) changes in rate (i.e., changes in rate multiplied by old volume) and (ii) changes in volume (i.e., changes in volume multiplied by old rate). For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately to volume and rate. Tax-exempt income was not calculated on a tax equivalent basis.

	Year Ended December 31, 2015 vs. December 31, 2014			Year Ended December 31, 2014 vs. December 31, 2013		
	Increase (Decrease) Due to		Total Increase (Decrease)	Increase (Decrease) Due to		Total Increase (Decrease)
	Rate	Volume		Rate	Volume	
	(In Thousands)					
Interest-earning assets:						
Loans receivable	$ (21,429)	$ 26,100	$ 4,671	$ (15,785)	$ 24,451	$ 8,666
Investment securities	(272)	(3,398)	(3,670)	684	(4,676)	(3,992)
Other interest-earning assets	50	(62)	(12)	49	(156)	(107)
Total interest-earning assets	(21,651)	22,640	989	(15,052)	19,619	4,567
Interest-bearing liabilities:						
Demand deposits	(176)	(54)	(230)	(382)	(81)	(463)
Time deposits	741	1,775	2,516	(412)	(246)	(658)
Total deposits	565	1,721	2,286	(794)	(327)	(1,121)
Short-term borrowings and structured repo	(1,052)	18	(1,034)	(845)	(380)	(1,225)
Subordinated debentures issued to capital trust	189	(42)	147	6	—	6
FHLBank advances	(1,267)	64	(1,203)	(2,172)	1,110	(1,062)
Total interest-bearing liabilities	(1,565)	1,761	196	(3,805)	403	(3,402)
Net interest income	$ (20,086)	$ 20,879	$ 793	$ (11,247)	$ 19,216	$ 7,969

Results of Operations and Comparison for the Years Ended December 31, 2014 and 2013

General

Net income increased $9.8 million, or 29.1%, during the year ended December 31, 2014, compared to the year ended December 31, 2013. Net income was $43.5 million for the year ended December 31, 2014 compared to $33.7 million for the year ended December 31, 2013. This increase was due to an increase in net interest income of $8.0 million, or 5.0%, an increase in non-interest income of $9.4 million, or 177.2%, and a decrease in the provision for loan losses of $13.2 million, or 76.1%, partially offset by an increase in non-interest expense of $15.2 million, or 14.4%, and an increase in provision for income taxes of $5.6 million, or 68.3%. Non-interest income for the year ended December 31, 2014 included a gain recognized on business acquisition of $10.8 million. Net income available to common shareholders was $43.0 million for the year ended December 31, 2014 compared to $33.2 million for the year ended December 31, 2013.

Total Interest Income

Total interest income increased $4.6 million, or 2.6%, during the year ended December 31, 2014 compared to the year ended December 31, 2013. The increase was due to an $8.7 million, or 5.3%, increase in interest income on loans, partially offset by a $4.1 million, or 27.5%, decrease in interest income on investments and other interest-earning assets. Interest income on loans increased in 2014, due to higher average balances on loans, partially offset by lower average rates of interest. Interest income from investment securities and other interest-earning assets decreased during 2014 compared to 2013 primarily due to lower average balances. The lower average balances of investments were primarily due to the sale of the Company's Small Business Administration loan pool securities and the sale of certain mortgage-backed securities, and as a result of management's decision to not reinvest mortgage-backed securities' monthly cash flows back into investments, but to utilize the proceeds to fund loan growth. Prepayments on the mortgages underlying these securities resulted in amortization of premiums which also reduced yields. Interest income on loans is affected by variations in the adjustments to accretable yield due to increases in expected cash flows to be received from the FDIC-

acquired loan pools as discussed below in "Interest Income – Loans" and in Note 4 of the accompanying audited financial statements. In 2014, many higher yielding loans matured or were repaid. These loans were replaced with new loans that were generally at rates lower than those that repaid during the year, resulting in lower overall yields in the loan portfolio. Higher average balances of loans more than offset the lower interest income on loans.

Interest Income - Loans

During the year ended December 31, 2014 compared to the year ended December 31, 2013, interest income on loans increased due to higher average balances, partially offset by lower average interest rates. Interest income increased $24.5 million as a result of higher average loan balances which increased from $2.40 billion during the year ended December 31, 2013 to $2.78 billion during the year ended December 31, 2014. The higher average balances were primarily due to increases in commercial real estate loans, commercial business loans, construction loans, other residential loans and consumer loans categories. A portion of this loan growth resulted from the Company acquiring $165.1 million in loans as part of the Valley FDIC-assisted transaction in June 2014, the balance of which were $122.0 million at December 31, 2014.

In the three months ended December 31, 2014, the Company collected $1.9 million from customers with loans which had previously not been expected to be collectible. In accordance with the Company's accounting methodology, these collections were accounted for as increases in estimated cash flows and were recorded as interest income, thereby increasing net interest income and net interest margin. These collections related to acquired loans which were subject to loss sharing agreements with the FDIC; therefore, 80% of the amounts collected, or $1.5 million, is owed to the FDIC. This $1.5 million of expense is included in non-interest income under "accretion (amortization) of income related to business acquisitions."

Interest income decreased $15.8 million as the result of lower average interest rates on loans. The average yield on loans decreased from 6.82% during the year ended December 31, 2013 to 6.20% during the year ended December 31, 2014. This decrease was due to lower overall loan rates, and a slightly lower amount of accretion income in the current year in conjunction with the fair value of the loan pools acquired in the FDIC-assisted transactions, as the additional yield accretion was $35.0 million in 2014 and was $35.2 million in 2013. On an on-going basis the Company estimates the cash flows expected to be collected from the acquired loan pools. This cash flows estimate has increased, based on the payment histories and reduced loss expectations of the loan pools, resulting in a total of $201.0 million of adjustments to be spread on a level-yield basis over the remaining expected lives of the loan pools. The increases in expected cash flows also reduced the amount of expected reimbursements under the loss sharing agreements with the FDIC, which are recorded as indemnification assets. Therefore, the expected indemnification assets have also been reduced, resulting in a total of $165.5 million of adjustments to be amortized on a comparable basis over the remainder of the loss sharing agreements or the remaining expected life of the loan pools, whichever is shorter. For the years ended December 31, 2014 and 2013, the adjustments increased interest income by $35.0 million and $35.2 million, respectively, and decreased non-interest income by $28.7 million and $29.5 million, respectively. The net impact to pre-tax income was $6.2 million and $5.8 million, respectively, for the years ended December 31, 2014 and 2013. Excluding the yield accretion, the average yield on loans was 4.94% for the year ended December 31, 2014, down from 5.35% for the year ended December 31, 2013, as a result of normal amortization of higher-rate loans and new loans that were made at current lower market rates.

Interest Income - Investments and Other Interest-earning Assets

Interest income on investments decreased $4.7 million as a result of a decrease in average balances from $717.8 million during the year ended December 31, 2013, to $495.2 million during the year ended December 31, 2014. Average balances of securities decreased due primarily to the normal monthly payments received on the portfolio of mortgage-backed securities and the sale of securities during 2014, with proceeds being used to fund new loan originations and deposit outflows. Interest income on other interest-earning assets decreased $156,000 mainly due to lower average balances from $276.4 million during the year ended December 31, 2013, to $185.1 million during the year ended December 31, 2014. Interest income on investments increased $684,000 as a result of an increase in average interest rates from 2.01% during the year ended December 31, 2013 to 2.11% during the year ended December 31, 2014. The majority of the Company's securities in 2013 and 2014 were mortgage-backed securities which are backed by hybrid ARMs that have fixed rates of interest for a period of time (generally one to ten years) and then adjust annually. The actual amount of securities that reprice and the actual interest rate changes on these securities are subject to the level of prepayments on these securities and the changes that actually occur in market interest rates (primarily treasury rates and LIBOR rates). Mortgage-backed securities are also subject to reduced yields due to more rapid prepayments in the underlying mortgages. As a result, premiums on these securities may be amortized against interest income more quickly, thereby reducing the yield recorded.

Average balances of interest-earning deposits decreased primarily due to decreases in the Bank's customer deposit balances. The Company's interest-earning deposits and non-interest-earning cash equivalents currently earn very low or no yield and therefore negatively impact the Company's net interest margin. At December 31, 2014, the Company had cash and cash equivalents of $218.6 million compared to $227.9 million at December 31, 2013. See "Net Interest Income" for additional information on the impact of this interest activity.

Total Interest Expense

Total interest expense decreased $3.4 million, or 17.7%, during the year ended December 31, 2014, when compared with the year ended December 31, 2013, due to a decrease in interest expense on deposits of $1.1 million, or 9.1%, a decrease in interest expense on FHLBank advances of $1.1 million, or 26.7%, and a decrease in interest expense on short-term and structured repo borrowings of $1.2 million, or 52.7%.

Interest Expense - Deposits

Interest on demand deposits decreased $382,000 due to a decrease in average rates from 0.24% during the year ended December 31, 2013, to 0.22% during the year ended December 31, 2014. The average interest rates decreased due to lower overall market rates of interest since 2012 and because the Company chose to pay lower rates during 2014 and 2013. Interest on demand deposits decreased $81,000 due to a small decrease in average balances from $1.46 billion in the year ended December 31, 2013, to $1.43 billion in the year ended December 31, 2014. Average noninterest-bearing demand balances increased from $460 million for the year ended December 31, 2013, to $535 million for the year ended December 31, 2014.

Interest expense on time deposits decreased $246,000 due to a decrease in average balances of time deposits from $1.07 billion during the year ended December 31, 2013, to $1.04 billion during the year ended December 31, 2014. The decrease in average balances of time deposits was primarily due to some customers choosing not to renew their deposits with us upon maturity. Also contributing to the decrease was the decrease in CDARS deposits from December 31, 2013 to December 31, 2014, partially offset by the increase in brokered deposits from December 31, 2013 to December 31, 2014. Interest expense on time deposits decreased $412,000 as a result of a decrease in average rates of interest from 0.82% during the year ended December 31, 2013, to 0.78% during the year ended December 31, 2014.

Interest Expense - FHLBank Advances, Short-term Borrowings and Structured Repurchase Agreements and Subordinated Debentures Issued to Capital Trust

During the year ended December 31, 2014 compared to the year ended December 31, 2013, interest expense on FHLBank advances decreased due to lower average rates of interest, partially offset by higher average balances. Interest expense on FHLBank advances decreased $2.2 million due to a decrease in average interest rates from 3.11% in the year ended December 31, 2013, to 1.69% in the year ended December 31, 2014. The significant decrease in the average rate was due to the repayment of $80 million of the Company's long-term higher-rate FHLBank advances in June 2014. As of December 31, 2014, $230 million of the Company's $272 million of total FHLBank advances are short-term advances with very low interest rates. Most of the remaining advances are fixed-rate and are subject to penalty if paid off prior to maturity. Partially offsetting this decrease was an increase in interest expense on FHLBank advances of $1.1 million due to an increase in average balances from $127.6 million in the year ended December 31, 2013, to $172.0 million in the year ended December 31, 2014. This increase was primarily due to additional short-term FHLBank advances obtained by the Company during 2014, to fund loan growth and for other short term funding needs.

Interest expense on short-term borrowings and structured repurchase agreements decreased $380,000 due to a decrease in average balances from $233 million during the year ended December 31, 2013, to $189 million during the year ended December 31, 2014. Interest expense on short-term and structured repo borrowings decreased $845,000 due to a decrease in average rates on short-term borrowings from 1.00% in the year ended December 31, 2013, to 0.58% in the year ended December 31, 2014. The decrease in balances of short-term borrowings in 2014 was primarily due to the repayment by the Company of $50 million of structured repurchase agreements in June 2014. As there were none of the higher-rate structured repurchase agreements during the latter half of 2014, the average rate went down because the interest expense was all related to the lower-rate securities sold under repurchase agreements with customers.

Interest expense on subordinated debentures issued to capital trusts increased $6,000 due to an increase in average rates from 1.81% in the year ended December 31, 2013, to 1.83% in the year ended December 31, 2014. These are variable-rate debentures which bear interest at an average rate of three-month LIBOR plus 1.57%, adjusting quarterly.

Net Interest Income

Net interest income for the year ended December 31, 2014 increased $8.0 million to $167.6 million compared to $159.6 million for the year ended December 31, 2013. Net interest margin was 4.84% for the year ended December 31, 2014, compared to 4.70% in 2013, an increase of 14 basis points. The Company's margin was positively impacted in both years by the increases in expected cash flows to be received from the loan pools acquired in the FDIC-assisted transactions and the resulting increases to accretable yield which was discussed previously in "Interest Income – Loans" and is discussed in Note 4 of the accompanying audited financial statements. The impact of these changes on the years ended December 31, 2014 and 2013 were increases in interest income of $35.0 million and $35.2 million, respectively, and increases in net interest margin of 101 basis points and 104 basis points, respectively. Excluding the positive impact of the additional yield accretion, net interest margin increased 17 basis points during the year ended December 31, 2014. The increase in net interest margin was primarily due to a decrease in interest expense on FHLB advances and short-term borrowings, due to the payoff of FHLB advances and structured repurchase agreements. In addition, the mix of assets continued to change through an increase in the average balance of loans and a decrease in the average balance of investment securities and other interest-earning assets. Our average yield on loans is higher than our average yield on investments. During 2013 and 2014, market rates on checking and savings deposits decreased slightly and retail time deposits renewed at somewhat lower rates of interest. The Company also experienced decreases in yields on loans and investments, excluding the yield accretion income discussed above, when compared to the previous year.

The Company's overall average interest rate spread increased 14 basis points, or 3.0%, from 4.60% during the year ended December 31, 2013, to 4.74% during the year ended December 31, 2014. The increase was due to an 11 basis point decrease in the weighted average rate paid on interest-bearing liabilities and a three basis point increase in the weighted average yield on interest-earning assets. The Company's overall net interest margin increased 14 basis points, or 3.0%, from 4.70% for the year ended December 31, 2013, to 4.84% for the year ended December 31, 2014. In comparing the two years, the yield on loans decreased 62 basis points while the yield on investment securities and other interest-earning assets increased 10 basis points. The rate paid on deposits decreased four basis points, the rate paid on FHLBank advances decreased 142 basis points, the rate paid on short-term borrowings decreased 42 basis points and the rate paid on subordinated debentures issued to capital trust increased two basis points.

The Company's net interest income and margin has been significantly impacted by additional yield accretion recognized in conjunction with updated estimates of the fair value of the loan pools acquired in the 2009, 2011 and 2012 FDIC-assisted transactions. On an on-going basis, the Company estimates the cash flows expected to be collected from the acquired loan pools. For each of the loan portfolios acquired, the cash flow estimates have increased, based on payment histories and reduced loss expectations of the loan pools. This resulted in increased income that was spread on a level-yield basis over the remaining expected lives of the loan pools. The increases in expected cash flows also reduced the amount of expected reimbursements under the loss sharing agreements with the FDIC, which are recorded as indemnification assets. Therefore, the expected indemnification assets have also been reduced each quarter since the fourth quarter of 2010, resulting in adjustments to be amortized on a comparable basis over the remainder of the loss sharing agreements or the remaining expected lives of the loan pools, whichever is shorter. Additional estimated cash flows, primarily related to the InterBank loan portfolios, were recorded in 2014.

In addition, beginning in the three months ended December 31, 2014, the Company's net interest income and margin has been impacted by additional yield accretion recognized in conjunction with updated estimates of the fair value of the loan pools acquired in the June 2014 Valley Bank FDIC-assisted transaction. Beginning with the three months ended December 31, 2014, the cash flow estimates have increased for certain of the Valley Bank loan pools primarily based on significant loan repayments and also due to collection of certain loans, thereby reducing loss expectations on certain of the loan pools. This resulted in increased income that was spread on a level-yield basis over the remaining expected lives of these loan pools. The Valley Bank transaction does not include a loss sharing agreement with the FDIC. Therefore, there is no related indemnification asset. The entire amount of the discount adjustment will be accreted to interest income over time with no offsetting impact to non-interest income. The amount of the Valley Bank discount adjustment accreted to interest income in 2014 was $981,000.

For additional information on net interest income components, refer to the "Average Balances, Interest Rates and Yields" table in this Report.

Provision for Loan Losses and Allowance for Loan Losses

The provision for loan losses decreased $13.2 million to $4.2 million during the year ended December 31, 2014 when compared with the year ended December 31, 2013. At December 31, 2014, the allowance for loan losses was $38.4 million, a decrease of $1.7 million from December 31, 2013. Total net charge-offs were $5.8 million and $17.9 million for the years ended December 31, 2014 and 2013, respectively. Nine relationships made up $5.1 million of the gross charge-off total ($7.8 million excluding consumer loans and overdrafts) for the year ended December 31, 2014, and one relationship made up $2.5 million of the gross recoveries ($4.0 million excluding consumer loans and overdrafts) for the year, which are included in the net charge-off total above. The decrease in net charge-offs and provision for loan losses in 2014 were consistent with our expectations, as indicated in previous filings. General

market conditions, and more specifically, real estate absorption rates and unique circumstances related to individual borrowers and projects also contributed to the level of provisions and charge-offs. As properties were categorized as potential problem loans, non-performing loans or foreclosed assets, evaluations were made of the values of these assets with corresponding charge-offs as appropriate.

Except for those loans acquired in the TeamBank and Vantus Bank transactions for which the loss sharing agreements have ended (i.e., non-single family real estate loans), loans acquired in the 2009, 2011 and 2012 FDIC-assisted transactions are covered by loss sharing agreements between the FDIC and Great Southern Bank which afford Great Southern Bank at least 80% protection from losses in the acquired portfolio of loans. The FDIC loss sharing agreements are subject to limitations on the types of losses covered and the length of time losses are covered and are conditioned upon the Bank complying with its requirements in the agreements with the FDIC. These limitations are described in detail in Note 4 of the accompanying audited financial statements. The acquired loans were grouped into pools based on common characteristics and were recorded at their estimated fair values, which incorporated estimated credit losses at the acquisition dates. These loan pools are systematically reviewed by the Company to determine the risk of losses that may exceed those identified at the time of the acquisition. Techniques used in determining risk of loss are similar to those used to determine the risk of loss for the legacy Great Southern Bank portfolio, with most focus being placed on those loan pools which include the larger loan relationships and those loan pools which exhibit higher risk characteristics. Review of the acquired loan portfolio also includes meetings with customers, review of financial information and collateral valuations to determine if any additional losses are apparent. Former Valley Bank loans are accounted for in pools and were recorded at their fair value at the time of the acquisition as of June 20, 2014; therefore, these loan pools are analyzed rather than the individual loans.

The Bank's allowance for loan losses as a percentage of total loans, excluding loans covered by the FDIC loss sharing agreements, was 1.34% and 1.92% at December 31, 2014 and 2013, respectively. Management considered the allowance for loan losses adequate to cover losses inherent in the Company's loan portfolio at December 31, 2014, based on reviews of the Company's loan portfolio and current economic conditions.

Non-performing Assets

Former TeamBank, Vantus Bank, Sun Security Bank and InterBank non-performing assets, including foreclosed assets, are not included in the totals or in the discussion of non-performing loans, potential problem loans and foreclosed assets below as they are, or were subject to loss sharing agreements with the FDIC, which cover at least 80% of principal losses that may be incurred in these portfolios for the applicable terms under the agreements. At December 31, 2014, there were no material non-performing assets that were previously covered, and are now not covered, under the TeamBank or Vantus Bank non-single-family loss sharing agreements. In addition, FDIC-supported TeamBank, Vantus Bank, Sun Security Bank and InterBank assets were initially recorded at their estimated fair values as of their acquisition dates of March 20, 2009, September 4, 2009, October 7, 2011, and April 27, 2012, respectively. The overall performance of the FDIC-covered loan pools acquired in 2009, 2011 and 2012 has been better than original expectations as of the acquisition dates. Former Valley Bank loans are also excluded from the totals and the discussion of non-performing loans, potential problem loans and foreclosed assets below, although they are not covered by a loss sharing agreement. Former Valley Bank loans are accounted for in pools and were recorded at their fair value at the time of the acquisition as of June 20, 2014; therefore, these loan pools are analyzed rather than the individual loans.

The loss sharing agreement for the non-single-family portion of the loans acquired in the TeamBank transaction ended on March 31, 2014. Any additional losses in that non-single-family portfolio will not be eligible for loss sharing coverage. At this time, the Company does not expect any material losses in this non-single-family loan portfolio, which totaled $28.3 million at December 31, 2014.

The loss sharing agreement for the non-single-family portion of the loans acquired in the Vantus Bank transaction ended on September 30, 2014. Any additional losses in that non-single-family portfolio will not be eligible for loss sharing coverage. At this time, the Company does not expect any material losses in this non-single-family loan portfolio, which totaled $23.2 million, at December 31, 2014.

As a result of changes in balances and composition of the loan portfolio, changes in economic and market conditions that occur from time to time, and other factors specific to a borrower's circumstances, the level of non-performing assets will fluctuate. Non-performing assets, excluding FDIC-covered non-performing assets and other FDIC-assisted acquired assets, at December 31, 2014 were $43.7 million, a decrease of $18.4 million from $62.1 million at December 31, 2013. Non-performing assets, excluding FDIC-covered non-performing assets and other FDIC-assisted acquired assets, as a percentage of total assets were 1.11% at December 31, 2014, compared to 1.74% at December 31, 2013.

Compared to December 31, 2013, non-performing loans decreased $11.8 million to $8.1 million and foreclosed assets decreased $6.6 million to $35.5 million. Commercial real estate loans comprised $4.7 million, or 57.7%, of the total of $8.1 million of non-performing loans at December 31, 2014. Non-performing one-to four-family residential loans comprised $1.7 million, or 20.4%, of

the total non-performing loans at December 31, 2014. Non-performing consumer loans were $1.1 million, or 13.7%, of total non-performing loans at December 31, 2014. Non-performing commercial business loans were $411,000, or 5.0%, of total non-performing loans at December 31, 2014. Non-performing construction and land development loans were $255,000, or 3.1%, of total non-performing loans at December 31, 2014.

Non-performing Loans. Activity in the non-performing loans category during the year ended December 31, 2014, was as follows:

	Beginning Balance, January 1	Additions	Removed from Non-Performing	Transfers to Potential Problem Loans	Transfers to Foreclosed Assets	Charge-Offs	Payments	Ending Balance, December 31
	(In Thousands)							
One- to four-family construction	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Subdivision construction	871	3,231	—	—	(2,367)	(1,136)	(599)	—
Land development	338	102	—	—	(67)	(80)	(38)	255
Commercial construction	—	—	—	—	—	—	—	—
One- to four-family residential	4,361	5,378	(76)	(1,088)	(4,657)	(1,073)	(1,235)	1,610
Other residential	—	—	—	—	—	—	—	—
Commercial real estate	6,205	5,884	(1,577)	—	—	(1,363)	(4,450)	4,699
Other commercial	7,231	454	(3,118)	—	—	(2,473)	(1,628)	466
Consumer	900	1,193	(273)	(52)	(42)	(206)	(403)	1,117
Total	$ 19,906	$ 16,242	$ (5,044)	$ (1,140)	$ (7,133)	$ (6,331)	$ (8,353)	$ 8,147

At December 31, 2014, the non-performing commercial real estate category included eight loans, one of which was transferred from potential problem loans during the current year. The largest relationship in this category, which was added in the current year, totaled $2.0 million, or 43.3% of the total category, and is collateralized by office buildings in Southeast Missouri. The second largest relationship in this category, which was added in a previous year, totaled $1.9 million, or 40.9%, of the total category, and is collateralized by a theater property in Branson, Mo. The non-performing one- to four-family residential category included 37 loans, 20 of which were added during the year. There were 34 properties in the one-to four-family category which were transferred to foreclosed assets during the year. Of those, 15 properties, totaling $2.1 million, related to two borrowers. The non-performing consumer category included 74 loans, 58 of which were added during the year. The non-performing commercial business category included eight loans, four of which were added during the year. The subdivision construction category of non-performing loans had a balance of $-0- at December 31, 2014, and had $2.4 million transferred to foreclosed assets during the year. The total $2.4 million of transfers to foreclosed assets was related to two borrowers, and $688,000 of the total $1.1 million of charge-offs for the subdivision construction category was related to those two borrowers.

Foreclosed Assets. Of the total $45.8 million of other real estate owned at December 31, 2014, $5.7 million represents the fair value of foreclosed assets covered by FDIC loss sharing agreements, $879,000 represents the fair value of foreclosed assets previously covered by FDIC loss sharing agreements, $778,000 represents foreclosed assets related to Valley Bank and not covered by loss sharing agreements, $87,000 represents other assets related to acquired loans, and $2.9 million represents properties which were not acquired through foreclosure. The foreclosed assets and other assets related to acquired loans and the properties not acquired through foreclosure are not included in the following table and discussion of foreclosed assets. Because sales of foreclosed properties exceeded additions, total foreclosed assets decreased. Activity in foreclosed assets during the year ended December 31, 2014, was as follows:

	Beginning Balance, January 1	Additions	Proceeds from Sales	Capitalized Costs	ORE Expense Write-Downs	Ending Balance, December 31
	(In Thousands)					
One- to four-family construction	$ —	$ 223	$ —	$ —	$ —	$ 223
Subdivision construction	11,652	2,144	(3,079)	—	(860)	9,857
Land development	18,920	76	(333)	—	(1,495)	17,168
Commercial construction	—	—	—	—	—	—
One- to four-family residential	744	4,800	(1,989)	—	(202)	3,353
Other residential	5,900	—	(3,060)	96	(311)	2,625
Commercial real estate	4,135	417	(2,773)	—	(147)	1,632
Commercial business	79	—	(3)	—	(17)	59
Consumer	715	3,051	(3,101)	—	(41)	624
Total	$ 42,145	$ 10,711	$ (14,338)	$ 96	$ (3,073)	$ 35,541

At December 31, 2014, the land development category of foreclosed assets included 33 properties, the largest of which was located in northwest Arkansas and had a balance of $2.3 million, or 13.3% of the total category. Of the total dollar amount in the land development category of foreclosed assets, 41.4% and 34.7% was located in northwest Arkansas and in the Branson, Mo., area, respectively, including the largest property previously mentioned. The subdivision construction category of foreclosed assets included 31 properties, the largest of which was located in the St. Louis, Mo. metropolitan area and had a balance of $1.7 million, or 17.7% of the total category. One relationship, which was originated in 2006, made up $1.3 million of the $2.1 million of additions in the subdivision construction category, and is collateralized by property near the Kansas City, Mo. metropolitan area. Of the total dollar amount in the subdivision construction category of foreclosed assets, 18.2% and 15.5% was located in Branson, Mo. and Springfield, Mo., respectively. The one-to four-family residential category of foreclosed assets included 24 properties, of which the largest relationship, with nine properties in the southwest Missouri area, had a balance of $1.2 million, or 34.8% of the total category. These properties were all added in 2014. In addition, six properties securing loans totaling $936,000 to one borrower were added in 2014. These properties were collateralized by property in the Branson, Mo., area. All of the properties discussed above which were added during 2014 in the one-to four-family category were originally financed by the Bank prior to 2008. Of the total dollar amount in the one-to- four-family category of foreclosed assets, 40.4% is located in Branson, Mo. The other residential category of foreclosed assets included 12 properties, 10 of which were all part of the same condominium community, which was located in Branson, Mo. and had a balance of $1.8 million, or 68.1% of the total category. Of the total dollar amount in the other residential category of foreclosed assets, 86.7% was located in the Branson, Mo., area, including the largest properties previously mentioned.

Potential Problem Loans. Potential problem loans decreased $2.0 million during the year ended December 31, 2014 from $27.0 million at December 31, 2013 to $25.0 million at December 31, 2014. This decrease was due to $7.9 million in loans transferred to the non-performing category, $7.2 million in loans removed from potential problem loans due to improvements in the credits, $907,000 in charge-offs, $419,000 in loans transferred to foreclosed assets, and $835,000 in payments on potential problem loans, partially offset by the addition of $15.3 million of loans to potential problem loans. Potential problem loans are loans which management has identified through routine internal review procedures as having possible credit problems that may cause the borrowers difficulty in complying with current repayment terms. These loans are not reflected in non-performing assets, but are considered in determining the adequacy of the allowance for loan losses. Activity in the potential problem loans category during the year ended December 31, 2014, was as follows:

	Beginning Balance, January 1	Additions	Removed from Potential Problem	Transfers to Non-Performing	Transfers to Foreclosed Assets	Charge-Offs	Payments	Ending Balance, December 31
	(In Thousands)							
One- to four-family construction	$ —	$ 1,312	$ —	$ —	$ —	$ —	$ —	$ 1,312
Subdivision construction	2,201	4,392	—	(1,806)	(2)	(500)	(33)	4,252
Land development	10,857	—	(5,000)	—	—	—	—	5,857
Commercial construction	—	—	—	—	—	—	—	—
One- to four-family residential	2,193	2,749	(250)	(2,412)	—	—	(374)	1,906
Other residential	1,956	—	—	—	—	—	—	1,956
Commercial real estate	8,737	5,805	(1,905)	(3,456)	(417)	(381)	(340)	8,043
Other commercial	860	849	(43)	(225)	—	—	(6)	1,435
Consumer	183	145	—	(6)	—	(26)	(82)	214
Total	$ 26,987	$ 15,252	$ (7,198)	$ (7,905)	$ (419)	$ (907)	$ (835)	$ 24,975

At December 31, 2014, the commercial real estate category of potential problem loans included eight loans, six of which were added during the current year. The largest relationship in this category, which was added during a previous year, had a balance of $4.9 million, or 60.2% of the total category. The relationship is collateralized by properties located near Branson, Mo. The land development category of potential problem loans included three loans, all of which were added during previous years. The largest relationship in this category totaled $3.8 million, or 65.6% of the total category, and is collateralized by property in the Branson, Mo., area. The subdivision construction category of potential problem loans included eight loans, six of which were added during the current year. The largest relationship in this category, which is made up of four loans which were added during the current year, had a balance totaling $3.5 million, or 83.0% of the total category, and is collateralized by property in southwest Missouri. The loans in this relationship which were added during the current year were all originated prior to 2008. The other residential category of potential problem loans included one loan which was added in a previous year, and is collateralized by properties located in the Branson, Mo., area. The one- to four-family residential category of potential problem loans included 23 loans, nine of which were added during the current year. Of the total $2.7 million of loans added during the year in this category, $1.1 million were transfers from non-performing loans due to the improved condition of the borrower. The commercial business category of potential problem loans included nine loans, six of which were added in the current year, of which three were part of the same relationship. The largest relationship in this category had a balance of $660,000, or 46.0% of the total category, and is collateralized primarily by automobiles. The one-to four-family construction category of potential problem loans included three loans, all of which were to the same borrower, and all of which were added during the current year. These loans were collateralized by property in southwest Missouri and were all originated prior to 2008. These loans are part of the same borrower relationship as the $3.5 million relationship added in the subdivision construction category discussed above.

Non-Interest Income

Non-interest income for the year ended December 31, 2014 was $14.7 million compared with $5.3 million for the year ended December 31, 2013. The increase of $9.4 million, or 177.2%, was primarily the result of the following increases and decreases:

Initial gain recognized on business acquisition: The Company recognized a one-time gain of $10.8 million (pre-tax) on the FDIC-assisted acquisition of Valley Bank, which occurred on June 20, 2014.

Net realized gains on sales of available-for-sale securities: Gains on sales of available-for-sale securities increased $1.9 million compared to the prior year. This was due to the sale of all of the Company's Small Business Administration securities in June 2014, which produced a gain of $569,000; the sale of the acquired Valley Bank securities in July 2014, which produced a gain of $121,000; and the sale of the taxable municipal securities acquired in the Sun Security Bank transaction in October 2014, resulting in a gain of $1.2 million.

Service charges and ATM fees: Service charges and ATM fees increased $848,000 compared to the prior year, primarily due to an increase in fee income from the additional accounts acquired in the Valley Bank transaction in June 2014.

Partially offsetting the increase in non-interest income were the following items:

Amortization of income related to business acquisitions: The net amortization expense related to business acquisitions was $27.9 million for the year ended December 31, 2014, compared to $25.3 million for the year ended December 31, 2013. The amortization expense for the year ended December 31, 2014, was made up of the following items: $27.5 million of amortization expense related to the changes in cash flows expected to be collected from the FDIC-covered loan portfolios, $1.7 million of amortization of the clawback liability and $152,000 of impairment of the indemnification asset for Vantus Bank. The impairment was recorded because the Company did not expect, and did not receive, resolution of certain items related to commercial foreclosed assets prior to the expiration of the non-single-family loss sharing agreement for Vantus Bank. In addition, the Company collected amounts on various problem assets acquired from the FDIC totaling $1.9 million. Under the loss sharing agreements, 80% of these collected amounts must be remitted to the FDIC; therefore, the Company recorded a liability and related expense of $1.5 million. Offsetting the expense was income from the accretion of the discount related to the indemnification assets for all of the acquisitions of $2.4 million and $600,000 of other loss share income items.

Gains on sales of single-family loans: Gains on sales of single-family loans decreased $782,000 compared to the prior year. This was due to a decrease in originations of fixed-rate loans due to higher fixed rates on these loans during most of 2014 which resulted in fewer loans being originated to refinance existing debt. Fixed rate single-family loans originated are subsequently sold in the secondary market. The decrease occurred in the first six months of the year and was partially offset by an increase in gains on sales of single-family loans during the last six months of the year ended December 31, 2014, which included additional loan originations in the operations acquired in the Valley Bank transaction in June 2014.

Change in interest rate swap fair value: The Company recorded expense of $(345,000) during 2014 due to the decrease in the interest rate swap fair value related to its matched book interest rate derivatives program. This compares to income of $295,000 recorded during the year ended December 31, 2013.

Non-Interest Expense

Total non-interest expense increased $15.3 million, or 14.4%, from $105.6 million in the year ended December 31, 2013, to $120.9 million in the year ended December 31, 2014. The Company's efficiency ratio for the year ended December 31, 2014, was 66.3%, up from 64.1% in 2013. The 2014 ratio was negatively affected by the early repayment of certain borrowings in June 2014 and the increase in non-interest expense related to the June 2014 Valley acquisition and other items as discussed above, partially offset by increases in non-interest income resulting from the initial gain recognized on the Valley acquisition. The Company's ratio of non-interest expense to average assets increased from 2.79% for the year ended December 31, 2013, to 3.16% for the year ended December 31, 2014. The increase in the current year ratio was primarily due to the increase in other operating expenses in the 2014 year compared to the 2013 year due to the penalties paid for prepayment of borrowings, write-downs related to certain foreclosed assets and other non-interest expenses related to the Valley acquisition. Average assets for the year ended December 31, 2014, increased $34.6 million, or 0.9%, from the year ended December 31, 2013. The following were key items related to the increase in non-interest expense for the year ended December 31, 2014 as compared to the year ended December 31, 2013:

Other Operating Expenses: Other operating expenses increased $7.7 million, to $15.8 million for the year ended December 31, 2014 compared to the prior year period primarily due to $7.4 million in prepayment penalties paid as the Company elected in June 2014, to repay $130 million of its FHLBank advances and structured repo borrowings prior to their maturity.

Valley Bank acquisition expenses: The Company incurred approximately $5.6 million of additional non-interest expenses during the year ended December 31, 2014 related to the operations of Valley Bank, which was acquired through the FDIC in June 2014. Those expenses included approximately $2.3 million of compensation expense, approximately $1.2 million of computer and equipment expense, approximately $718,000 of net occupancy expense, approximately $241,000 of legal, audit and other professional fees expense, approximately $333,000 of travel, meals and other expenses related to due diligence for the transaction and integration issues and various other expenses. Approximately $2.6 million of these expenses are not expected to recur in future periods.

Expense on foreclosed assets: Expense on foreclosed assets increased $1.6 million for the year ended December 31, 2014 compared to the prior year due to write-downs on foreclosed assets of approximately $2.0 million in 2014.

Provision for Income Taxes

In 2014, the Company elected to early-adopt FASB ASU No. 2014-01, which amends FASB ASC Topic 323, Investments – Equity Method and Joint Ventures. This Update impacts the Company's accounting for investments in flow-through limited liability entities which manage or invest in affordable housing projects that qualify for the low-income housing tax credit. The amendments in the Update permit reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an

entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense (benefit). The Company has significant investments in such qualified affordable housing projects that meet the required conditions. The Company's adoption of this Update did not materially affect the Company's financial position or results of operations, except that the investment amortization expense, which previously was included in Other Non-interest Expense in the Consolidated Statements of Income, is now included in Provision for Income Taxes in the Consolidated Statements of Income presented. As a result, there was no change in Net Income for the periods covered in this document. In addition, there was no cumulative effect adjustment to Retained Earnings.

Provision for income taxes as a percentage of pre-tax income was 24.0% and 19.5% for the years ended December 31, 2014 and 2013, respectively, which was lower than the statutory federal tax rate of 35%, due primarily to the effects of the tax credits utilized and to tax-exempt investments and tax-exempt loans which reduced the Company's effective tax rate. In future periods, the Company expects its effective tax rate typically will be 20-25% of pre-tax net income, assuming it continues to maintain or increase its use of investment tax credits. The Company's effective tax rate may fluctuate as it is impacted by the level and timing of the Company's utilization of tax credits and the level of tax-exempt investments and loans and the overall level of pretax income. At this time, the Company expects to continue to utilize a significant amount of tax credits in 2015.

Liquidity

Liquidity is a measure of the Company's ability to generate sufficient cash to meet present and future financial obligations in a timely manner through either the sale or maturity of existing assets or the acquisition of additional funds through liability management. These obligations include the credit needs of customers, funding deposit withdrawals and the day-to-day operations of the Company. Liquid assets include cash, interest-bearing deposits with financial institutions and certain investment securities and loans. As a result of the Company's management of the ability to generate liquidity primarily through liability funding, management believes that the Company maintains overall liquidity sufficient to satisfy its depositors' requirements and meet its customers' credit needs. At December 31, 2015, the Company had commitments of approximately $134.2 million to fund loan originations, $591.3 million of unused lines of credit and unadvanced loans, and $32.1 million of outstanding letters of credit.

The following table summarizes the Company's fixed and determinable contractual obligations by payment date as of December 31, 2015. Additional information regarding these contractual obligations is discussed further in Notes 8, 9, 10, 11, 12, 13, 16 and 19 of the accompanying audited financial statements.

	Payments Due In:			
	One Year or Less	Over One to Five Years	Over Five Years	Total
	(In Thousands)			
Deposits without a stated maturity	$ 1,980,479	$ —	$ —	$ 1,980,479
Time and brokered certificates of deposit	929,469	353,940	4,738	1,288,147
Federal Home Loan Bank advances	232,111	30,935	500	263,546
Short-term borrowings	117,477	—	—	117,477
Subordinated debentures	—	—	25,774	25,774
Operating leases	936	2,100	215	3,251
Dividends declared but not paid	3,055	—	—	3,055
	$ 3,263,527	$ 386,975	$ 31,227	$ 3,681,729

The Company's primary sources of funds are customer deposits, FHLBank advances, other borrowings, loan repayments, unpledged securities, proceeds from sales of loans and available-for-sale securities and funds provided from operations. The Company utilizes particular sources of funds based on the comparative costs and availability at the time. The Company has from time to time chosen not to pay rates on deposits as high as the rates paid by certain of its competitors and, when believed to be appropriate, supplements deposits with less expensive alternative sources of funds.

At December 31, 2015 and 2014, the Company had these available secured lines and on-balance sheet liquidity:

	December 31, 2015	December 31, 2014
Federal Home Loan Bank line	$505.5 million	$395.3 million
Federal Reserve Bank line	633.7 million	563.2 million
Interest-Bearing and Non-Interest-Bearing Deposits	199.2 million	218.6 million
Unpledged Securities	59.8 million	63.7 million

Statements of Cash Flows. During the years ended December 31, 2015, 2014 and 2013, the Company had positive cash flows from operating activities. The Company experienced negative cash flows from investing activities during the year ended December 31, 2015, and positive cash flows from investing activities during the years ended December 31, 2014 and 2013. The Company experienced positive cash flows from financing activities during the year ended December 31, 2015, and negative cash flows from financing activities during the years ended December 31, 2014 and 2013.

Cash flows from operating activities for the periods covered by the Statements of Cash Flows have been primarily related to changes in accrued and deferred assets, credits and other liabilities, the provision for loan losses, realized gains on the sale of investment securities and loans, depreciation and amortization, gains on the purchase of additional business units and the amortization of deferred loan origination fees and discounts (premiums) on loans and investments, all of which are non-cash or non-operating adjustments to operating cash flows. Net income adjusted for non-cash and non-operating items and the origination and sale of loans held-for-sale were the primary sources of cash flows from operating activities. Operating activities provided cash flows of $71.4 million, $67.4 million and $93.9 million during the years ended December 31, 2015, 2014 and 2013, respectively.

During the year ended December 31, 2015, investing activities used cash of $196.2 million, primarily due to the net increases and purchases of loans, partially offset by the net repayment or sales of investment securities. During the years ended December 31, 2014 and 2013, investing activities provided cash of $35.9 million and $124.7 million, primarily due to the cash received from the FDIC-assisted acquisitions (2014) and the net repayment or sales of investment securities, partially offset by increases in loans.

Changes in cash flows from financing activities during the periods covered by the Statements of Cash Flows are primarily due to changes in deposits after interest credited, changes in FHLBank advances, changes in short-term borrowings and structured repurchase agreements, dividend payments to stockholders and redemption of preferred stock (2015). Financing activities provided cash flows of $105.3 million during the year ended December 31, 2015, primarily due to increases in customer deposit balances, partially offset by net increases or decreases in various borrowings, dividend payments to stockholders and redemption of preferred stock. Financing activities used cash flows of $112.6 million and $394.8 million during the years ended December 31, 2014 and 2013, respectively, primarily due to reduction of customer deposit balances, net increases or decreases in various borrowings and dividend payments to stockholders.

Capital Resources

Management continuously reviews the capital position of the Company and the Bank to ensure compliance with minimum regulatory requirements, as well as to explore ways to increase capital either by retained earnings or other means.

As of December 31, 2015, total stockholders’ equity and common stockholders’ equity were $398.2 million, or 9.7% of total assets, equivalent to a book value of $28.67 per common share. At December 31, 2014, the Company's total stockholders' equity was $419.7 million, or 10.6% of total assets. At December 31, 2014, common stockholders' equity was $361.8 million, or 9.2% of total assets, equivalent to a book value of $26.30 per common share.

At December 31, 2015, the Company’s tangible common equity to total assets ratio was 9.6% as compared to 9.0% at December 31, 2014. The Company’s tangible common equity to total risk-weighted assets ratio was 10.9% at December 31, 2015, compared to 10.9% at December 31, 2014.

Banks are required to maintain minimum risk-based capital ratios. These ratios compare capital, as defined by the risk-based regulations, to assets adjusted for their relative risk as defined by the regulations. Under current guidelines, which became effective January 1, 2015, banks must have a minimum common equity Tier 1 capital ratio of 4.50% (new requirement), a minimum Tier 1 risk-based capital ratio of 6.00% (increased from 4.00%), a minimum total risk-based capital ratio of 8.00%, and a minimum Tier 1 leverage ratio of 4.00%. To be considered "well capitalized," banks must have a minimum common equity Tier 1 capital ratio of 6.50% (new requirement), a minimum Tier 1 risk-based capital ratio of 8.00% (increased from 6.00%), a minimum total risk-based capital ratio of 10.00%, and a minimum Tier 1 leverage ratio of 5.00%. On December 31, 2015, the Bank's common equity Tier 1

capital ratio was 11.0%, its Tier 1 capital ratio was 11.0%, its total capital ratio was 12.1% and its Tier 1 leverage ratio was 9.8%. As a result, as of December 31, 2015, the Bank was well capitalized, with capital ratios in excess of those required to qualify as such.

Through December 31, 2014, guidelines required banks to have a minimum Tier 1 risk-based capital ratio, as defined, of 4.00%, a minimum total risk-based capital ratio of 8.00%, and a minimum 4.00% Tier 1 leverage ratio. On December 31, 2014, the Bank's Tier 1 risk-based capital ratio was 11.4%, total risk-based capital ratio was 12.6% and the Tier 1 leverage ratio was 9.5%. As of December 31, 2014, the Bank was "well capitalized" as defined by the Federal banking agencies' capital-related regulations then in effect.

The FRB has established capital regulations for bank holding companies that generally parallel the capital regulations for banks. On December 31, 2015, the Company's common equity Tier 1 capital ratio was 10.8%, its Tier 1 capital ratio was 11.5%, its total capital ratio was 12.6% and its Tier 1 leverage ratio was 10.2%. To be considered well capitalized, a bank holding company must have a Tier 1 risk-based capital ratio of at least 6.00% and a total risk-based capital ratio of at least 10.00%. As of December 31, 2015, the Company was considered well capitalized, with capital ratios in excess of those required to qualify as such.

On December 31, 2014, the Company's Tier 1 risk-based capital ratio was 13.3%, total risk-based capital ratio was 14.5% and the Tier 1 leverage ratio was 11.1%. As of December 31, 2014, the Company was "well capitalized" under the capital ratios described above.

On August 18, 2011, the Company entered into a Small Business Lending Fund-Securities Purchase Agreement ("Purchase Agreement") with the Secretary of the Treasury, pursuant to which the Company sold 57,943 shares of the Company's Senior Non-Cumulative Perpetual Preferred Stock, Series A (the "SBLF Preferred Stock") to the Secretary of the Treasury for a purchase price of $57.9 million. The SBLF Preferred Stock was issued pursuant to Treasury's SBLF program, a $30 billion fund established under the Small Business Jobs Act of 2010 that was created to encourage lending to small businesses by providing Tier 1 capital to qualified community banks and holding companies with assets of less than $10 billion. As required by the SBLF Purchase Agreement, the proceeds from the sale of the SBLF Preferred Stock were used in connection with the redemption of all 58,000 shares of the Company's preferred stock, issued to Treasury in December 2008 pursuant to Treasury's TARP Capital Purchase Program (the "CPP Preferred Stock"). The shares of CPP Preferred Stock were redeemed at their liquidation amount of $1,000 per share plus the accrued but unpaid dividends to the redemption date.

The SBLF Preferred Stock qualified as Tier 1 capital. The holders of SBLF Preferred Stock were entitled to receive noncumulative dividends, payable quarterly, on each January 1, April 1, July 1 and October 1. The dividend rate, as a percentage of the liquidation amount, could fluctuate between one percent (1%) and five percent (5%) per annum on a quarterly basis during the first 10 quarters during which the SBLF Preferred Stock was outstanding, based upon changes in the level of "Qualified Small Business Lending" or "QSBL" (as defined in the SBLF Purchase Agreement) by the Bank over the adjusted baseline level calculated under the terms of the SBLF Preferred Stock $(249.7 million). Based upon the increase in the Bank's level of QSBL over the adjusted baseline level, the dividend rate had been 1.0%. For the tenth calendar quarter through four and one-half years after issuance, the dividend rate was fixed at between one percent (1%) and seven percent (7%) based upon the level of qualifying loans. The Company's dividend rate was 1.0% during 2015, and was expected to remain at 1% until four and one half years after the issuance, which is March 2016. After four and one half years from issuance, the dividend rate would have increased to 9% (including a quarterly lending incentive fee of 0.5%).

On December 15, 2015, the Company (with the approval of its federal banking regulator) redeemed all 57,943 shares of the SBLF Preferred Stock at their liquidation amount of $1,000 per share plus accrued but unpaid dividends to the redemption date. The redemption of the SBLF Preferred Stock was completed using internally available funds.

Dividends. During the year ended December 31, 2015, the Company declared common stock cash dividends of $0.86 per share (26.2% of net income per common share) and paid common stock cash dividends of $0.84 per share. During the year ended December 31, 2014, the Company declared common stock cash dividends of $0.80 per share (25.8% of net income per common share) and paid common stock cash dividends of $0.78 per share. The Board of Directors meets regularly to consider the level and the timing of dividend payments. The $0.22 per share dividend declared but unpaid as of December 31, 2015, was paid to stockholders on January 11, 2016. In addition, the Company paid preferred dividends as described below.

The terms of the SBLF Preferred Stock limited the ability of the Company to pay dividends and repurchase shares of common stock. Under the terms of the SBLF Preferred Stock, no repurchases could be effected, and no dividends could be declared or paid on preferred shares ranking pari passu with the SBLF Preferred Stock, junior preferred shares, or other junior securities (including the common stock) during the current quarter and for the next three quarters following the failure to declare and pay dividends on the SBLF Preferred Stock, except that, in any such quarter in which the dividend is paid, dividend payments on shares ranking pari passu may be paid to the extent necessary to avoid any resulting material covenant breach.

Under the terms of the SBLF Preferred Stock, the Company could only declare and pay a dividend on the common stock or other stock junior to the SBLF Preferred Stock, or repurchase shares of any such class or series of stock, if, after payment of such dividend, or after giving effect to such repurchase, (i) the dollar amount of the Company's Tier 1 Capital would be at least equal to the "Tier 1

Dividend Threshold" and (ii) full dividends on all outstanding shares of SBLF Preferred Stock for the most recently completed dividend period have been or are contemporaneously declared and paid. We satisfied this condition through the redemption date of the SBLF Preferred Stock.

Common Stock Repurchases and Issuances. The Company has been in various buy-back programs since May 1990. Our ability to repurchase common stock was limited, but allowed, under the terms of the SBLF preferred stock as noted above, under "-Dividends" and was previously generally precluded due to our participation in the CPP from December 2008 through August 2011. During the year ended December 31, 2015, the Company did not repurchase any shares of its common stock. During the year ended December 31, 2014, the Company repurchased 18,000 shares of its common stock at an average price of $28.45 per share. During the years ended December 31, 2015 and 2014, the Company issued 133,126 shares of stock at an average price of $25.26 per share and 99,097 shares of stock at an average price of $27.45 per share, respectively, to cover stock option exercises.

Management has historically utilized stock buy-back programs from time to time as long as management believed that repurchasing the stock would contribute to the overall growth of shareholder value. The number of shares of stock that will be repurchased at any particular time and the prices that will be paid are subject to many factors, several of which are outside of the control of the Company. The primary factors, however, are the number of shares available in the market from sellers at any given time, the price of the stock within the market as determined by the market and the projected impact on the Company's earnings per share and capital.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Asset and Liability Management and Market Risk

A principal operating objective of the Company is to produce stable earnings by achieving a favorable interest rate spread that can be sustained during fluctuations in prevailing interest rates. The Company has sought to reduce its exposure to adverse changes in interest rates by attempting to achieve a closer match between the periods in which its interest-bearing liabilities and interest-earning assets can be expected to reprice through the origination of adjustable-rate mortgages and loans with shorter terms to maturity and the purchase of other shorter term interest-earning assets.

Our Risk When Interest Rates Change

The rates of interest we earn on assets and pay on liabilities generally are established contractually for a period of time. Market interest rates change over time. Accordingly, our results of operations, like those of other financial institutions, are impacted by changes in interest rates and the interest rate sensitivity of our assets and liabilities. The risk associated with changes in interest rates and our ability to adapt to these changes is known as interest rate risk and is our most significant market risk.

How We Measure the Risk to Us Associated with Interest Rate Changes

In an attempt to manage our exposure to changes in interest rates and comply with applicable regulations, we monitor Great Southern's interest rate risk. In monitoring interest rate risk we regularly analyze and manage assets and liabilities based on their payment streams and interest rates, the timing of their maturities and their sensitivity to actual or potential changes in market interest rates.

The ability to maximize net interest income is largely dependent upon the achievement of a positive interest rate spread that can be sustained despite fluctuations in prevailing interest rates. Interest rate sensitivity is a measure of the difference between amounts of interest-earning assets and interest-bearing liabilities which either reprice or mature within a given period of time. The difference, or the interest rate repricing "gap," provides an indication of the extent to which an institution's interest rate spread will be affected by changes in interest rates. A gap is considered positive when the amount of interest-rate sensitive assets exceeds the amount of interest-rate sensitive liabilities repricing during the same period, and is considered negative when the amount of interest-rate sensitive liabilities exceeds the amount of interest-rate sensitive assets during the same period. Generally, during a period of rising interest rates, a negative gap within shorter repricing periods would adversely affect net interest income, while a positive gap within shorter repricing periods would result in an increase in net interest income. During a period of falling interest rates, the opposite would be true. As of December 31, 2015, Great Southern's internal interest rate risk models indicate that, generally, rising interest rates are expected to have a positive impact on the Company’s net interest income, while declining interest rates would have a negative impact on net interest income. We model various interest rate scenarios for rising and falling rates, including both parallel and non-parallel shifts in rates. The results of our modeling indicate that net interest income is not likely to be materially affected either positively or negatively in the first twelve months following a rate change, regardless of any changes in interest rates, because our portfolios are relatively well matched in a twelve-month horizon. The effects of interest rate changes, if any, are expected to be more impacting to net interest income in the 12 to 36 months following a rate change. In June 2014, $130 million of fixed rate borrowings were repaid. Excess liquidity and proceeds from the sale of certain investment securities were used to fund these repayments. The results of our net interest income modeling were not materially affected by these transactions. As the Federal Funds rate is now very low, the Company’s interest rate floors have been reached on most of its “prime rate” loans.

As discussed under “*General-Net Interest Income and Interest Rate Risk Management*,” at December 31, 2015 and 2014, there were $424 million and $484 million, respectively, of adjustable rate loans which were tied to a national prime rate of interest which had interest rate floors. In addition, Great Southern had elected to leave its “Great Southern Prime Rate” at 5.00% for those loans that are indexed to “Great Southern Prime” rather than a national prime rate of interest. This rate increased to 5.25% in December 2015. At December 31, 2015 and 2014, there were $114 million and $200 million, respectively, of loans indexed to “Great Southern Prime.” While these interest rate floors and, to a lesser extent, the utilization of the “Great Southern Prime” rate have helped keep the rate on our loan portfolio higher in this very low interest rate environment, they will also reduce the positive effect to our loan rates when market interest rates, specifically the “prime rate,” begin to increase. The interest rate on these loans will not increase until the loan floors are reached. Also, a significant portion of our retail certificates of deposit mature in the next twelve months and we expect that they generally will be replaced with new certificates of deposit at similar or slightly higher interest rates to those that are maturing.

Interest rate risk exposure estimates (the sensitivity gap) are not exact measures of an institution's actual interest rate risk. They are only indicators of interest rate risk exposure produced in a simplified modeling environment designed to allow management to gauge the Bank's sensitivity to changes in interest rates. They do not necessarily indicate the impact of general interest rate movements on the Bank's net interest income because the repricing of certain categories of assets and liabilities is subject to competitive and other factors beyond the Bank's control. As a result, certain assets and liabilities indicated as maturing or otherwise repricing within a stated

period may in fact mature or reprice at different times and in different amounts and cause a change, which potentially could be material, in the Bank's interest rate risk.

In order to minimize the potential for adverse effects of material and prolonged increases and decreases in interest rates on Great Southern's results of operations, Great Southern has adopted asset and liability management policies to better match the maturities and repricing terms of Great Southern's interest-earning assets and interest-bearing liabilities. Management recommends and the Board of Directors sets the asset and liability policies of Great Southern which are implemented by the Asset and Liability Committee. The Asset and Liability Committee is chaired by the Chief Financial Officer and is comprised of members of Great Southern's senior management. The purpose of the Asset and Liability Committee is to communicate, coordinate and control asset/liability management consistent with Great Southern's business plan and board-approved policies. The Asset and Liability Committee establishes and monitors the volume and mix of assets and funding sources taking into account relative costs and spreads, interest rate sensitivity and liquidity needs. The objectives are to manage assets and funding sources to produce results that are consistent with liquidity, capital adequacy, growth, risk and profitability goals. The Asset and Liability Committee meets on a monthly basis to review, among other things, economic conditions and interest rate outlook, current and projected liquidity needs and capital positions and anticipated changes in the volume and mix of assets and liabilities. At each meeting, the Asset and Liability Committee recommends appropriate strategy changes based on this review. The Chief Financial Officer or his designee is responsible for reviewing and reporting on the effects of the policy implementations and strategies to the Board of Directors at their monthly meetings.

In order to manage its assets and liabilities and achieve the desired liquidity, credit quality, interest rate risk, profitability and capital targets, Great Southern has focused its strategies on originating adjustable rate loans or loans with fixed rates that mature in less than five years, and managing its deposits and borrowings to establish stable relationships with both retail customers and wholesale funding sources.

At times, depending on the level of general interest rates, the relationship between long- and short-term interest rates, market conditions and competitive factors, we may determine to increase our interest rate risk position somewhat in order to maintain or increase our net interest margin.

The Asset and Liability Committee regularly reviews interest rate risk by forecasting the impact of alternative interest rate environments on net interest income and market value of portfolio equity, which is defined as the net present value of an institution's existing assets, liabilities and off-balance sheet instruments, and evaluating such impacts against the maximum potential changes in net interest income and market value of portfolio equity that are authorized by the Board of Directors of Great Southern.

In the normal course of business, the Company may use derivative financial instruments (primarily interest rate swaps) from time to time to assist in its interest rate risk management. In the fourth quarter of 2011, the Company began executing interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting interest rate swaps that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. Because the interest rate swaps associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer swaps and the offsetting swaps are recognized directly in earnings. These interest rate derivatives result from a service provided to certain qualifying customers and, therefore, are not used to manage interest rate risk in the Company’s assets or liabilities. The Company manages a matched book with respect to its derivative instruments in order to minimize its net risk exposure resulting from such transactions.

In 2013, the Company entered into two interest rate cap agreements related to its floating rate debt associated with its trust preferred securities. The agreements provide that the counterparty will reimburse the Company if interest rates rise above a certain threshold, thus creating a cap on the effective interest rate paid by the Company. These agreements are classified as hedging instruments, and the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. During 2015, the Company redeemed $5.0 million of the total $30.0 million of its trust preferred securities. The interest rate cap related to this $5.0 million trust preferred security was terminated and the remaining cost of this interest rate cap was amortized to interest expense in 2015.

The Company’s interest rate derivatives and hedging activities are discussed further in Note 17 of the accompanying audited financial statements.

The following tables illustrate the expected maturities and repricing, respectively, of the Bank's financial instruments at December 31, 2015. These schedules do not reflect the effects of possible prepayments or enforcement of due-on-sale clauses. The tables are based on information prepared in accordance with generally accepted accounting principles.

Maturities

	December 31,							
	2016	**2017**	**2018**	**2019**	**2020**	**Thereafter**	**Total**	**2015 Fair Value**
				(Dollars In Thousands)				
Financial Assets:								
Interest bearing deposits	$ 83,985	—	—	—	—	—	$ 83,985	$ 83,985
Weighted average rate	0.25%	—	—	—	—	—	0.25%	
Available-for-sale other securities	—	—	—	—	—	$ 3,830	$ 3,830	$ 3,830
Weighted average rate	—	—	—	—	—	—	—	
Available-for-sale debt securities(1)	$ 28,005	$ 12,068	$ 5,342	$ 15,218	$ 18,645	$ 179,748	$ 259,026	$ 259,026
Weighted average rate	3.19%	6.26%	5.39%	5.68%	5.95%	2.37%	3.13%	
Held-to-maturity securities	—	—	$ 353	—	—	—	$ 353	$ 384
Weighted average rate	—	—	7.36%	—	—	—	7.36%	
Adjustable rate loans	$ 346,940	$ 286,020	$ 256,450	$ 122,046	$ 137,212	$ 522,424	$ 1,671,092	$ 1,671,358
Weighted average rate	4.28%	3.76%	4.03%	4.19%	4.25%	4.22%	3.85%	
Fixed rate loans	$ 240,699	$ 231,031	$ 279,110	$ 331,689	$ 292,824	$ 393,416	$ 1,768,769	$ 1,783,891
Weighted average rate	4.85%	4.77%	4.83%	4.91%	5.16%	6.35%	5.23%	
Federal Home Loan Bank stock	—	—	—	—	—	$ 15,303	$ 15,303	$ 15,303
Weighted average rate	—	—	—	—	—	2.57%	2.57%	
Total financial assets	$ 699,629	$ 529,119	$ 541,255	$ 468,953	$ 448,681	$ 1,114,721	$ 3,802,358	
Financial Liabilities:								
Time deposits	$ 929,469	$ 265,400	$ 60,360	$ 12,536	$ 15,644	$ 4,738	$ 1,288,147	$ 1,290,839
Weighted average rate	0.77%	1.13%	1.42%	1.37%	1.79%	2.40%	0.90%	
Interest-bearing demand	$ 1,408,850	—	—	—	—	—	$ 1,408,850	$ 1,408,850
Weighted average rate	0.24%	—	—	—	—	—	0.24%	
Non-interest-bearing demand	$ 571,629	—	—	—	—	—	$ 571,629	$ 571,629
Weighted average rate	—	—	—	—	—	—	—	
Federal Home Loan Bank	$ 232,111	$ 30,826	$ 81	$ 28	—	$ 500	$ 263,546	$ 264,331
Weighted average rate	0.42%	3.26%	5.06%	5.06%	—	5.54%	0.75%	
Short-term borrowings	$ 117,477	—	—	—	—	—	$ 117,477	$ 117,477
Weighted average rate	0.04%	—	—	—	—	—	0.04%	
Subordinated debentures	—	—	—	—	—	$ 25,774	$ 25,774	$ 25,774
Weighted average rate	—	—	—	—	—	1.93%	1.93%	
Total financial liabilities	$ 3,259,536	$ 296,226	$ 60,441	$ 12,564	$ 15,644	$ 31,012	$ 3,675,423	

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(1) Available-for-sale debt securities include approximately $161.2 million of mortgage-backed securities which pay interest and principal monthly to the Company. Of this total, $143.1 million represents securities that have variable rates of interest after a fixed interest period. These securities will experience rate changes at varying times over the next ten years. This table does not show the effect of these monthly repayments of principal or rate changes.

Repricing

	December 31,							
	2016	2017	2018	2019	2020	Thereafter	Total	2015 Fair Value
				(Dollars In Thousands)				
Financial Assets:								
Interest bearing deposits	$ 83,985	—	—	—	—	—	$ 83,985	$ 83,985
Weighted average rate	0.25%	—	—	—	—	—	0.25%	
Available-for-sale other securities	—	—	—	—	—	$ 3,830	$ 3,830	$ 3,830
Weighted average rate	—	—	—	—	—	—	—	
Available-for-sale debt securities(1)	$ 121,062	$ 20,274	$ 10,351	$ 33,055	$ 18,645	$ 55,639	$ 259,026	$ 259,026
Weighted average rate	2.13%	4.45%	4.54%	3.60%	5.95%	3.43%	3.13%	
Held-to-maturity securities	—	—	$ 353	—	—	—	$ 353	$ 384
Weighted average rate	—	—	7.36%	—	—	—	7.36%	
Adjustable rate loans	$ 1,510,178	$ 23,624	$ 40,942	$ 50,291	$ 36,485	$ 9,572	$ 1,671,092	$ 1,671,358
Weighted average rate	3.83%	3.67%	4.03%	4.18%	4.26%	4.23%	3.85%	
Fixed rate loans	$ 240,699	$ 231,031	$ 279,110	$ 331,689	$ 292,824	$ 393,416	$ 1,768,769	$ 1,783,891
Weighted average rate	4.85%	4.77%	4.83%	4.91%	5.16%	6.35%	5.23%	
Federal Home Loan Bank stock	$ 15,303	—	—	—	—	—	$ 15,303	$ 15,303
Weighted average rate	2.57%	—	—	—	—	—	2.57%	
Total financial assets	$ 1,971,227	$ 274,929	$ 330,756	$ 415,035	$ 347,954	$ 462,457	$ 3,802,358	
Financial Liabilities:								
Time deposits	$ 929,469	$ 265,400	$ 60,360	$ 12,536	$ 15,644	$ 4,738	$ 1,288,147	$ 1,290,839
Weighted average rate	0.77%	1.13%	1.42%	1.37%	1.79%	2.40%	0.90%	
Interest-bearing demand	$ 1,408,850	—	—	—	—	—	$ 1,408,850	$ 1,408,850
Weighted average rate	0.24%	—	—	—	—	—	0.24%	
Non-interest-bearing demand(2)	—	—	—	—	—	$ 571,629	$ 571,629	$ 571,629
Weighted average rate	—	—	—	—	—	—	—	
Federal Home Loan Bank advances	$ 262,111	$ 826	$ 81	$ 28	—	$ 500	$ 263,546	$ 264,331
Weighted average rate	0.74%	5.36%	5.06%	5.06%	—	5.54%	0.76%	
Short-term borrowings	$ 117,477	—	—	—	—	—	$ 117,477	$ 117,477
Weighted average rate	0.04%	—	—	—	—	—	0.04%	
Subordinated debentures	$ 25,774	—	—	—	—	—	$ 25,774	$ 25,774
Weighted average rate	1.93%	—	—	—	—	—	1.93%	
Total financial liabilities	$ 2,743,681	$ 266,226	$ 60,441	$ 12,564	$ 15,644	$ 576,867	$ 3,675,423	
Periodic repricing GAP	$ (772,454)	$ 8,703	$ 270,315	$ 402,471	$ 332,310	$ (114,410)	$ 126,935	
Cumulative repricing GAP	$ (772,454)	$ (763,751)	$ (493,436)	$ (90,965)	$ 241,346	$ 126,935		

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(1) Available-for-sale debt securities include approximately $161.2 million of mortgage-backed securities which pay interest and principal monthly to the Company. Of this total, $143.1 million represents securities that have variable rates of interest after a fixed interest period. These securities will experience rate changes at varying times over the next ten years. This table does not show the effect of these monthly repayments of principal or rate changes.

(2) Non-interest-bearing demand is included in this table in the column labeled "Thereafter" since there is no interest rate related to these liabilities and therefore there is nothing to reprice.

Great Southern Bancorp, Inc.

Auditor's Report and Consolidated Financial Statements

December 31, 2015 and 2014

BKD LLP
CPAs & Advisors

910 E. St. Louis Street, Suite 200 // P.O. Box 1190 // Springfield, MO 65801-1190
417.865.8701 // fax 417.865.0682 // bkd.com

Report of Independent Registered Public Accounting Firm

Audit Committee, Board of Directors and Stockholders
Great Southern Bancorp, Inc.
Springfield, Missouri

We have audited the accompanying consolidated statements of financial condition of Great Southern Bancorp, Inc. as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2015. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Great Southern Bancorp, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Great Southern Bancorp, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 3, 2016, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

BKD, LLP

BKD, LLP

Springfield, Missouri
March 3, 2016

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Great Southern Bancorp, Inc.

Consolidated Statements of Financial Condition
December 31, 2015 and 2014
(In Thousands, Except Per Share Data)

Assets

	2015	2014
Cash	$ 115,198	$ 109,052
Interest-bearing deposits in other financial institutions	83,985	109,595
Cash and cash equivalents	199,183	218,647
Available-for-sale securities	262,856	365,506
Held-to-maturity securities	353	450
Mortgage loans held for sale	12,261	14,579
Loans receivable, net of allowance for loan losses of $38,149 and $38,435 at December 31, 2015 and 2014, respectively	3,340,536	3,038,848
FDIC indemnification asset	24,082	44,334
Interest receivable	10,930	11,219
Prepaid expenses and other assets	59,322	60,452
Other real estate owned, net	31,893	45,838
Premises and equipment, net	129,655	124,841
Goodwill and other intangible assets	5,758	7,508
Federal Home Loan Bank stock	15,303	16,893
Current and deferred income taxes	12,057	2,219
Total assets	$ 4,104,189	$ 3,951,334

See Notes to Consolidated Financial Statements

Liabilities and Stockholders' Equity

	2015	2014
Liabilities		
Deposits	$ 3,268,626	$ 2,990,840
Federal Home Loan Bank advances	263,546	271,641
Securities sold under reverse repurchase agreements with customers	116,182	168,993
Short-term borrowings	1,295	42,451
Subordinated debentures issued to capital trust	25,774	30,929
Accrued interest payable	1,080	1,067
Advances from borrowers for taxes and insurance	4,681	4,929
Accrued expenses and other liabilities	24,778	20,739
Total liabilities	3,705,962	3,531,589
Commitments and Contingencies	—	—
Stockholders' Equity		
Capital stock		
Serial preferred stock, $.01 par value; authorized 1,000,000 shares; issued and outstanding 2015 – -0- shares and 2014 – 57,943 shares of SBLF	—	57,943
Common stock, $.01 par value; authorized 20,000,000 shares; issued and outstanding 2015 – 13,887,932 shares, 2014 – 13,754,806 shares	139	138
Additional paid-in capital	24,371	22,345
Retained earnings	368,053	332,283
Accumulated other comprehensive income, net of income taxes of $3,227 and $3,789 at December 31, 2015 and 2014, respectively	5,664	7,036
Total stockholders' equity	398,227	419,745
Total liabilities and stockholders' equity	$ 4,104,189	$ 3,951,334

Great Southern Bancorp, Inc.

Consolidated Statements of Income

Years Ended December 31, 2015, 2014 and 2013

(In Thousands, Except Per Share Data)

	2015	2014	2013
Interest Income			
Loans	$ 177,240	$ 172,569	$ 163,903
Investment securities and other	7,111	10,793	14,892
	184,351	183,362	178,795
Interest Expense			
Deposits	13,511	11,225	12,346
Federal Home Loan Bank advances	1,707	2,910	3,972
Short-term borrowings and repurchase agreements	65	1,099	2,324
Subordinated debentures issued to capital trust	714	567	561
	15,997	15,801	19,203
Net Interest Income	168,354	167,561	159,592
Provision for Loan Losses	5,519	4,151	17,386
Net Interest Income After Provision for Loan Losses	162,835	163,410	142,206
Noninterest Income			
Commissions	1,136	1,163	1,065
Service charges and ATM fees	19,841	19,075	18,227
Net gains on loan sales	3,888	4,133	4,915
Net realized gains on sales of available-for-sale securities	2	2,139	243
Late charges and fees on loans	2,129	1,400	1,264
Gain (loss) on derivative interest rate products	(43)	(345)	295
Gain recognized on business acquisitions	—	10,805	—
Accretion (amortization) of income/expense related to business acquisitions	(18,345)	(27,868)	(25,260)
Other income	4,973	4,229	4,566
	13,581	14,731	5,315
Noninterest Expense			
Salaries and employee benefits	58,682	56,032	52,468
Net occupancy expense	25,985	23,541	20,658
Postage	3,787	3,578	3,315
Insurance	3,566	3,837	4,189
Advertising	2,317	2,404	2,165
Office supplies and printing	1,333	1,464	1,303
Telephone	3,235	2,866	2,868
Legal, audit and other professional fees	2,713	3,957	4,348
Expense on other real estate owned	2,526	5,636	4,068
Partnership tax credit	1,680	1,720	2,108
Other operating expenses	8,526	15,824	8,128
	114,350	120,859	105,618

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Income

Years Ended December 31, 2015, 2014 and 2013

(In Thousands, Except Per Share Data)

	2015	2014	2013
Income Before Income Taxes	$ 62,066	$ 57,282	$ 41,903
Provision for Income Taxes	15,564	13,753	8,174
Net Income	46,502	43,529	33,729
Preferred Stock Dividends	554	579	579
Net Income Available to Common Shareholders	$ 45,948	$ 42,950	$ 33,150
Earnings Per Common Share			
Basic	$ 3.33	$ 3.14	$ 2.43
Diluted	$ 3.28	$ 3.10	$ 2.42

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Comprehensive Income

Years Ended December 31, 2015, 2014 and 2013

(In Thousands)

	2015	2014	2013
Net Income	$ 46,502	$ 43,529	$ 33,729
Unrealized appreciation (depreciation) on available-for-sale securities, net of taxes (credit) of $(528), $3,301and $(7,516) for 2015, 2014 and 2013, respectively	(1,321)	6,128	(13,959)
Noncredit component of unrealized gain (loss) on available-for-sale debt securities for which a portion of an other-than-temporary impairment has been recognized, net of taxes (credit) of $0, $0 and $(20) for 2015, 2014 and 2013, respectively	—	—	(37)
Less: reclassification adjustment for gains included in net income, net of taxes of $(1), $(749) and $(85) for 2015, 2014 and 2013, respectively	(1)	(1,390)	(158)
Change in fair value of cash flow hedge, net of taxes (credit) of $(34), $(88) and $(19) for 2015, 2014 and 2013, respectively	(50)	(164)	(34)
Other comprehensive income (loss)	(1,372)	4,574	(14,188)
Comprehensive Income	$ 45,130	$ 48,103	$ 19,541

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Stockholders' Equity

Years Ended December 31, 2015, 2014 and 2013

(In Thousands, Except Per Share Data)

	SBLF Preferred Stock	Common Stock
Balance, January 1, 2013	$ 57,943	$ 136
Net income	—	—
Stock issued under Stock Option Plan	—	—
Common dividends declared, $.72 per share	—	—
SBLF preferred stock dividends accrued (1.0%)	—	—
Other comprehensive income	—	—
Reclassification of treasury stock per Maryland law	—	1
Balance, December 31, 2013	57,943	137
Net income	—	—
Stock issued under Stock Option Plan	—	—
Common dividends declared, $.80 per share	—	—
SBLF preferred stock dividends accrued (1.0%)	—	—
Other comprehensive loss	—	—
Reclassification of treasury stock per Maryland law	—	1
Purchase of the Company's common stock	—	—
Balance, December 31, 2014	57,943	138
Net income	—	—
Stock issued under Stock Option Plan	—	—
Common dividends declared, $.86 per share	—	—
SBLF preferred stock dividends accrued (1.0%)	—	—
Redemption of SBLF preferred stock	(57,943)	—
Other comprehensive loss	—	—
Reclassification of treasury stock per Maryland law	—	1
Balance, December 31, 2015	$ —	$ 139

See Notes to Consolidated Financial Statements

Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
$ 18,394	$ 276,751	$ 16,650	$ —	$ 369,874
—	33,729	—	—	33,729
1,173	—	—	512	1,685
—	(9,823)	—	—	(9,823)
—	(579)	—	—	(579)
—	—	(14,188)	—	(14,188)
—	511	—	(512)	—
19,567	300,589	2,462	—	380,698
—	43,529	—	—	43,529
2,778	—	—	225	3,003
—	(10,968)	—	—	(10,968)
—	(579)	—	—	(579)
—	—	4,574	—	4,574
—	(288)	—	287	—
—	—	—	(512)	(512)
22,345	332,283	7,036	—	419,745
—	46,502	—	—	46,502
2,026	—	—	1,718	3,744
—	(11,896)	—	—	(11,896)
—	(553)	—	—	(553)
—	—	—	—	(57,943)
—	—	(1,372)	—	(1,372)
—	1,717	—	(1,718)	—
$ 24,371	$ 368,053	$ 5,664	$ —	$ 398,227

Great Southern Bancorp, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2015, 2014 and 2013

(In Thousands)

	2015	2014	2013
Operating Activities			
Net income	$ 46,502	$ 43,529	$ 33,729
Proceeds from sales of loans held for sale	158,730	156,632	215,744
Originations of loans held for sale	(155,680)	(160,074)	(198,910)
Items not requiring (providing) cash			
Depreciation	10,465	8,747	8,036
Amortization	3,430	3,242	8,107
Compensation expense for stock option grants	382	565	443
Provision for loan losses	5,519	4,151	17,386
Net gains on loan sales	(3,888)	(4,133)	(4,915)
Net realized gains on available-for-sale securities	(2)	(2,139)	(243)
Gain on sale of non-marketable securities	(301)	—	—
Gain on redemption of trust preferred securities	(1,115)	—	—
(Gain) loss on sale of premises and equipment	(465)	18	(60)
(Gain) loss on sale/write-down of foreclosed assets	(1,132)	2,996	1,259
Gain on purchase of additional business units	—	(10,805)	—
Amortization of deferred income, premiums, discounts and other	10,595	22,692	29,510
(Gain) loss on derivative interest rate products	43	345	(295)
Deferred income taxes	(4,670)	(6,260)	(8,839)
Changes in			
Interest receivable	289	1,227	1,347
Prepaid expenses and other assets	3,982	8,430	(7,529)
Accrued expenses and other liabilities	3,354	502	4,260
Income taxes refundable/payable	(4,609)	(2,232)	(5,109)
Net cash provided by operating activities	71,429	67,433	93,921

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2015, 2014 and 2013

(In Thousands)

	2015	2014	2013
Investing Activities			
Net change in loans	$ (190,154)	$ (340,135)	$ (33,180)
Purchase of loans	(117,634)	(101,832)	(129,422)
Cash received from purchase of additional business units	—	189,437	—
Cash received from FDIC loss sharing reimbursements	2,599	8,377	28,511
Purchase of premises and equipment	(16,697)	(17,954)	(13,853)
Proceeds from sale of premises and equipment	1,883	203	1,518
Proceeds from sale of foreclosed assets	23,497	21,706	48,900
Capitalized costs on foreclosed assets	(20)	(199)	(457)
Proceeds from sale of non-marketable securities	351	—	—
Proceeds from maturities, calls and repayments of held-to-maturity securities	97	355	115
Proceeds from sale of available-for-sale securities	56,169	220,169	108,487
Proceeds from maturities, calls and repayments of available-for-sale securities	63,463	103,475	210,798
Purchase of available-for-sale securities	(21,339)	(40,661)	(97,000)
(Purchase) redemption of Federal Home Loan Bank stock	1,590	(7,071)	273
Net cash provided by (used in) investing activities	(196,195)	35,870	124,690

See Notes to Consolidated Financial Statements

Great Southern Bancorp, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2015, 2014 and 2013

(In Thousands)

	2015	2014	2013
Financing Activities			
Net increase (decrease) in certificates of deposit	$ 191,224	$ (116,139)	$ (208,702)
Net increase (decrease) in checking and savings accounts	87,113	(160,144)	(134,562)
Proceeds from Federal Home Loan Bank advances	6,509,500	4,231,000	1,980
Repayments of Federal Home Loan Bank advances	(6,517,564)	(4,083,315)	(1,081)
Net increase (decrease) in short-term borrowings	(93,967)	74,768	(44,307)
Repayments of reverse repurchase borrowings	—	—	(3,000)
Repayments of structured repurchase borrowings	—	(50,000)	—
Advances from (to) borrowers for taxes and insurance	(248)	580	1,567
Redemption of trust preferred securities	(3,885)	—	—
Redemption of preferred stock	(57,943)	—	—
Dividends paid	(12,290)	(11,257)	(7,964)
Purchase of the Company's common stock	—	(512)	—
Stock options exercised	3,362	2,438	1,242
Net cash provided by (used in) financing activities	105,302	(112,581)	(394,827)
Decrease in Cash and Cash Equivalents	(19,464)	(9,278)	(176,216)
Cash and Cash Equivalents, Beginning of Year	218,647	227,925	404,141
Cash and Cash Equivalents, End of Year	$ 199,183	$ 218,647	$ 227,925

See Notes to Consolidated Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Operating Segments

Great Southern Bancorp, Inc. ("GSBC" or the "Company") operates as a one-bank holding company. GSBC's business primarily consists of the operations of Great Southern Bank (the "Bank"), which provides a full range of financial services to customers primarily located in Missouri, Iowa, Kansas, Minnesota, Nebraska and Arkansas. The Company and the Bank are subject to regulation by certain federal and state agencies and undergo periodic examinations by those regulatory agencies.

The Company's banking operation is its only reportable segment. The banking operation is principally engaged in the business of originating residential and commercial real estate loans, construction loans, commercial business loans and consumer loans and funding these loans by attracting deposits from the general public, accepting brokered deposits and borrowing from the Federal Home Loan Bank and others. The operating results of this segment are regularly reviewed by management to make decisions about resource allocations and to assess performance. Selected information is not presented separately for the Company's reportable segment, as there is no material difference between that information and the corresponding information in the consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses and the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans, the valuation of loans acquired with indication of impairment, the valuation of the FDIC indemnification asset and other-than-temporary impairments (OTTI) and fair values of financial instruments. In connection with the determination of the allowance for loan losses and the valuation of foreclosed assets held for sale, management obtains independent appraisals for significant properties. The valuation of the FDIC indemnification asset is determined in relation to the fair value of assets acquired through FDIC-assisted transactions for which cash flows are monitored on an ongoing basis.

Principles of Consolidation

The consolidated financial statements include the accounts of Great Southern Bancorp, Inc., its wholly owned subsidiary, the Bank, and the Bank's wholly owned subsidiaries, Great Southern Real Estate Development Corporation, GSB One LLC (including its wholly owned subsidiary, GSB Two LLC), Great Southern Financial Corporation, Great Southern Community Development Company, LLC (including its wholly owned subsidiary, Great Southern CDE, LLC), GS, LLC, GSSC, LLC, GS-RE Holding, LLC (including its wholly owned subsidiary, GS RE Management, LLC), GS-RE Holding II, LLC, GS-RE Holding III, LLC, VFP Conclusion Holding, LLC and VFP Conclusion Holding II, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications

Certain prior periods' amounts have been reclassified to conform to the 2015 financial statements presentation. These reclassifications had no effect on net income.

Federal Home Loan Bank Stock

Federal Home Loan Bank common stock is a required investment for institutions that are members of the Federal Home Loan Bank system. The required investment in common stock is based on a predetermined formula, carried at cost and evaluated for impairment.

Securities

Available-for-sale securities, which include any security for which the Company has no immediate plan to sell but which may be sold in the future, are carried at fair value. Unrealized gains and losses are recorded, net of related income tax effects, in other comprehensive income.

Held-to-maturity securities, which include any security for which the Company has the positive intent and ability to hold until maturity, are carried at historical cost adjusted for amortization of premiums and accretion of discounts.

Amortization of premiums and accretion of discounts are recorded as interest income from securities. Realized gains and losses are recorded as net security gains (losses). Gains and losses on sales of securities are determined on the specific-identification method.

For debt securities with fair value below carrying value when the Company does not intend to sell a debt security, and it is more likely than not the Company will not have to sell the security before recovery of its cost basis, it recognizes the credit component of an other-than-temporary impairment ("OTTI") of a debt security in earnings and the remaining portion in other comprehensive income. For held-to-maturity debt securities, the amount of an OTTI recorded in other comprehensive income for the noncredit portion of a previous OTTI is amortized prospectively over the remaining life of the security on the basis of the timing of future estimated cash flows of the security.

The Company's consolidated statements of income reflect the full impairment (that is, the difference between the security's amortized cost basis and fair value) on debt securities that the Company intends to sell or would more likely than not be required to sell before the expected recovery of the amortized cost basis. For available-for-sale and held-to-maturity debt securities that management has no intent to sell and believes that it more likely than not will not be required to sell prior to recovery, only the credit loss component of the impairment is recognized in earnings, while the noncredit loss is recognized in accumulated other comprehensive income. The credit loss component recognized in earnings is identified as the amount of principal cash flows not expected to be received over the remaining term of the security as projected based on cash flow projections.

For equity securities, if any, when the Company has decided to sell an impaired available-for-sale security and the Company does not expect the fair value of the security to fully recover before the expected time of sale, the security is deemed OTTI in the period in which the decision to sell is made. The Company recognizes an impairment loss when the impairment is deemed other-than-temporary even if a decision to sell has not been made.

Mortgage Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value in the aggregate. Write-downs to fair value are recognized as a charge to earnings at the time the decline in value occurs. Nonbinding forward commitments to sell individual mortgage loans are generally obtained to reduce market risk on mortgage loans in the process of origination and mortgage loans held for sale. Gains and losses resulting from sales of mortgage loans are recognized when the respective loans are sold to investors. Fees received from borrowers to guarantee the funding of mortgage loans held for sale and fees paid to investors to ensure the ultimate sale of such mortgage loans are recognized as income or expense when the loans are sold or when it becomes evident that the commitment will not be used.

Loans Originated by the Company

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balances adjusted for any charge-offs, the allowance for loan losses, any deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans. Interest income is reported on the interest method and includes amortization of net deferred loan fees and costs over the loan term. Past due status is based on the contractual terms of a loan. Generally, loans are placed on nonaccrual status at 90 days past due and interest is considered a loss, unless the loan is well secured and in the process of collection. Payments received on nonaccrual loans are applied to principal until the loans are returned to accrual status. Loans are returned to accrual status when all payments contractually due are brought current, payment performance is sustained for a period of time, generally six months, and future payments are reasonably assured. With the exception of consumer loans, charge-offs on loans are recorded when available information indicates a loan is not fully collectible and the loss is reasonably quantifiable. Consumer loans are charged-off at specified delinquency dates consistent with regulatory guidelines.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical charge-off experience and expected loss given default derived from the Company's internal risk rating process. Other adjustments may be made to the allowance for certain loan segments after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when, based on current information and events, it is probable that not all of the principal and interest due under the loan agreement will be collected in accordance with contractual terms. For non-homogeneous loans, such as commercial loans, management determines which loans are reviewed for impairment based on information obtained by account officers, weekly past due meetings, various analyses including annual reviews of large loan relationships, calculations of loan debt coverage ratios as financial information is obtained and periodic reviews of all loans over $1.0 million. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length and reasons for the delay, the borrower's prior payment record and the amount of any collateral shortfall in relation to the principal and interest owed.

Large groups of smaller balance homogenous loans, such as consumer and residential loans, are collectively evaluated for impairment. In accordance with regulatory guidelines, impairment in the consumer and mortgage loan portfolio is primarily identified based on past-due status. Consumer and mortgage loans which are over 90 days past due or specifically identified as troubled debt restructurings will generally be individually evaluated for impairment.

Impairment is measured on a loan-by-loan basis for both homogeneous and non-homogeneous loans by either the present value of expected future cash flows or the fair value of the collateral if the loan is collateral dependent. Payments made on impaired loans are treated in accordance with the accrual status of the loan. If loans are performing in accordance with their contractual terms but the ultimate collectability of principal and interest is questionable, payments are applied to principal only.

Loans Acquired in Business Combinations

Loans acquired in business combinations under ASC Topic 805, *Business Combinations*, require the use of the purchase method of accounting. Therefore, such loans are initially recorded at fair value in accordance with the fair value methodology prescribed in ASC Topic 820, *Fair Value Measurements and Disclosures*. No allowance for loan losses related to the acquired loans is recorded on the acquisition date as the fair value of the loans acquired incorporates assumptions regarding credit risk. The fair value estimates associated with the loans include estimates related to expected prepayments and the amount and timing of undiscounted expected principal, interest and other cash flows.

For loans not acquired in conjunction with an FDIC-assisted transaction that are not considered to be purchased credit-impaired loans, the Company evaluates those loans acquired in accordance with the provisions of ASC Topic 310-20, *Nonrefundable Fees and Other Costs*. The fair value discount on these loans is accreted into interest income over the weighted average life of the loans using a constant yield method. These loans are not considered to be impaired loans. The Company evaluates purchased credit-impaired loans in accordance with the provisions of ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. Loans acquired in business combinations with evidence of credit deterioration since origination and for which it is probable that all contractually required payments will not be collected are considered to be credit impaired. Evidence of credit quality deterioration as of the purchase dates may include information such as past-due and nonaccrual status, borrower credit scores and recent loan to value percentages. Acquired credit-impaired loans that are accounted for under the accounting guidance for loans acquired with deteriorated credit quality are initially measured at fair value, which includes estimated future credit losses expected to be incurred over the life of the loans.

The Company evaluates all of its loans purchased in conjunction with its FDIC-assisted transactions in accordance with the provisions of ASC Topic 310-30. For purposes of applying ASC 310-30, loans acquired in FDIC-assisted business combinations are aggregated into pools of loans with common risk characteristics. All loans acquired in the FDIC transactions, both covered and not covered by loss sharing agreements, were deemed to be purchased credit-impaired loans as there is general evidence of credit deterioration since origination in the pools and there is some probability that not all contractually required payments will be collected. As a result, related discounts are recognized subsequently through accretion based on changes in the expected cash flows of these acquired loans.

The expected cash flows of the acquired loan pools in excess of the fair values recorded is referred to as the accretable yield and is recognized in interest income over the remaining estimated lives of the loan pools for impaired loans accounted for under ASC Topic 310-30. The Company continues to estimate cash flows expected to be collected on pools of loans sharing common risk characteristics, which are treated in the aggregate when applying various valuation techniques. Increases in the Company’s cash flow expectations are recognized as increases to the accretable yield while decreases are recognized as impairments through the allowance for loan losses.

FDIC Indemnification Asset

Through two FDIC-assisted transactions during 2009, one during 2011 and one during 2012, the Bank acquired certain loans and foreclosed assets which are covered under loss sharing agreements with the FDIC. These agreements commit the FDIC to reimburse the Bank for a portion of realized losses on these covered assets. Therefore, as of the dates of acquisitions, the Company calculated the amount of such reimbursements it expects to receive from the FDIC using the present value of anticipated cash flows from the covered assets based on the credit adjustments estimated for each pool of loans and the estimated losses on foreclosed assets. In accordance with FASB ASC 805, each FDIC Indemnification Asset was initially recorded at its fair value, and is measured separately from the loan assets and foreclosed assets because the loss sharing agreements are not contractually embedded in them or transferrable with them in the event of disposal. The balance of the FDIC Indemnification Asset increases and decreases as the expected and actual cash flows from the covered assets fluctuate, as loans are paid off or impaired and as loans and foreclosed assets are sold. There are no contractual interest rates on these contractual receivables from the FDIC; however, a discount was recorded against the initial balance of the FDIC Indemnification Asset in conjunction with the fair value measurement as this receivable will be collected over the terms of the loss sharing agreements. This discount has been, and will continue to be, accreted to income over future periods. These acquisitions and agreements are more fully discussed in *Note 4*.

Other Real Estate Owned

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less estimated cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less estimated cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expense on foreclosed assets. Other real estate owned also includes bank premises formerly, but no longer, used for banking, as well as property originally acquired for future expansion but no longer intended to be used for that purpose.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line and accelerated methods over the estimated useful lives of the assets. Leasehold improvements are capitalized and amortized using the straight-line and accelerated methods over the terms of the respective leases or the estimated useful lives of the improvements, whichever is shorter.

Long-Lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

A valuation allowance of $1.2 million related to bank premises and furniture, fixtures and equipment was recorded during the year ended December 31, 2015, due to the Company's announced plans to consolidate operations of 14 banking centers into other nearby Great Southern banking center locations. The closing of these 14 facilities occurred at the close of business on January 8, 2016. No asset impairment was recognized during the years ended December 31, 2014 and 2013.

Goodwill and Intangible Assets

Goodwill is evaluated annually for impairment or more frequently if impairment indicators are present. A qualitative assessment is performed to determine whether the existence of events or circumstances leads to a determination that it is more likely than not the fair value is less than the carrying amount, including goodwill. If, based on the evaluation, it is determined to be more likely than not that the fair value is less than the carrying value, then goodwill is tested further for impairment. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill fair value are not recognized in the financial statements.

Intangible assets are being amortized on the straight-line basis generally over a period of seven years. Such assets are periodically evaluated as to the recoverability of their carrying value.

A summary of goodwill and intangible assets is as follows:

	December 31,	
	2015	2014
	(In Thousands)	
Goodwill – Branch acquisitions	$ 1,169	$ 1,169
Deposit intangibles		
TeamBank	105	526
Vantus Bank	207	519
Sun Security Bank	964	1,314
InterBank	472	617
Boulevard Bank	641	763
Valley Bank	2,200	2,600
	4,589	6,339
	$ 5,758	$ 7,508

Loan Servicing and Origination Fee Income

Loan servicing income represents fees earned for servicing real estate mortgage loans owned by various investors. The fees are generally calculated on the outstanding principal balances of the loans serviced and are recorded as income when earned. Loan origination fees, net of direct loan origination costs, are recognized as income using the level-yield method over the contractual life of the loan.

Stockholders' Equity

At the 2004 Annual Meeting of Stockholders, the Company's stockholders approved the Company's reincorporation to the State of Maryland. This reincorporation was completed in June 2004. Under Maryland law, there is no concept of "Treasury Shares." Instead, shares purchased by the Company constitute authorized but unissued shares under Maryland law. Accounting principles generally accepted in the United States of America state that accounting for treasury stock shall conform to state law. The cost of shares purchased by the Company has been allocated to common stock and retained earnings balances.

Earnings Per Common Share

Basic earnings per common share are computed based on the weighted average number of common shares outstanding during each year. Diluted earnings per common share are computed using the weighted average common shares and all potential dilutive common shares outstanding during the period.

Earnings per common share (EPS) were computed as follows:

	2015	2014	2013
	(In Thousands, Except Per Share Data)		
Net income	$ 46,502	$ 43,529	$ 33,729
Net income available to common shareholders	$ 45,948	$ 42,950	$ 33,150
Average common shares outstanding	13,818	13,700	13,635
Average common share stock options outstanding	182	176	80
Average diluted common shares	14,000	13,876	13,715
Earnings per common share – basic	$ 3.33	$ 3.14	$ 2.43
Earnings per common share – diluted	$ 3.28	$ 3.10	$ 2.42

Options outstanding at December 31, 2015, 2014 and 2013, to purchase 117,600, 500 and 243,510 shares of common stock, respectively, were not included in the computation of diluted earnings per common share for each of the years because the exercise prices of such options were greater than the average market prices of the common stock for the years ended December 31, 2015, 2014 and 2013, respectively.

Stock Compensation Plans

The Company has stock-based employee compensation plans, which are described more fully in *Note 21*. In accordance with FASB ASC 718, *Compensation – Stock Compensation,* compensation cost related to share-based payment transactions is recognized in the Company's consolidated financial statements based on the grant-date fair value of the award using the modified prospective transition method. For the years ended December 31, 2015, 2014 and 2013, share-based compensation expense totaling $382,000, $565,000 and $443,000, respectively, was included in salaries and employee benefits expense in the consolidated statements of income.

Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2015 and 2014, cash equivalents consisted of interest-bearing deposits in other financial institutions. At December 31, 2015, nearly all of the interest-bearing deposits were uninsured with nearly all of these balances held at the Federal Home Loan Bank or the Federal Reserve Bank.

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (FASB ASC 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term "more likely than not" means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is

subject to management's judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized. At December 31, 2015 and 2014, no valuation allowance was established.

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

The Company files consolidated income tax returns with its subsidiaries.

Derivatives and Hedging Activities

FASB ASC 815, *Derivatives and Hedging*, provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. Further, qualitative disclosures are required that explain the Company's objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments. For detailed disclosures on derivatives and hedging activities, see *Note 17*.

As required by FASB ASC 815, the Company records all derivatives in the statement of financial condition at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting.

Restriction on Cash and Due From Banks

The Bank is required to maintain reserve funds in cash and/or on deposit with the Federal Reserve Bank. The reserve required at December 31, 2015 and 2014, respectively, was $58.9 million and $72.3 million.

Recent Accounting Pronouncements

In January 2014, the FASB issued ASU No. 2014-01 to amend FASB ASC Topic 323, *Investments – Equity Method and Joint Ventures*. The objective of this Update is to provide guidance on accounting for investments by a reporting entity in flow-through limited liability entities that manage or invest in affordable housing projects that qualify for the low-income housing tax credit. The amendments in the Update permit reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense (benefit). The Update was effective for the Company beginning January 1, 2015; however, early adoption was permitted. The Company elected to adopt this

Update early, adopting it during the three months ended March 31, 2014. There was no material impact on the Company's financial position or results of operations, except that the investment amortization expense which was previously included in Other Noninterest Expense in the Consolidated Statements of Income was moved from Other Noninterest Expense to Provision for Income Taxes in the Consolidated Statements of Income. For the year ended December 31, 2013, $4.8 million was moved from Other Noninterest Expense to Provision for Income Taxes. This had the effect of reducing Noninterest Expense and increasing Provision for Income Taxes, but did not have any impact on Net Income.

In January 2014, the FASB issued ASU No. 2014-04 to amend FASB ASC Topic 310, *Receivables – Troubled Debt Restructurings by Creditors*. The objective of the amendments in this Update is to reduce diversity by clarifying when an in substance repossession or foreclosure occurs, that is, when a creditor should be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan such that the loan receivable should be derecognized and the real estate property recognized. The amendments in this Update clarify that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, the amendments require interim and annual disclosure of both (1) the amount of foreclosed residential real estate property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. The Update was effective for the Company beginning January 1, 2015, and did not have a material impact on the Company's financial position or results of operations.

In June 2014, the FASB issued ASU No. 2014-11, *Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures.* The guidance in this Update changes the accounting for repurchase-to-maturity transactions and repurchase financing arrangements. It also requires enhanced disclosures about repurchase agreements and similar transactions. The accounting changes in this Update were effective for public companies for the first interim or annual period beginning after December 15, 2014. In addition, for public companies, the disclosure for certain transactions accounted for as a sale were effective for the first interim or annual period beginning on or after December 15, 2014, and the disclosure for transactions accounted for as secured borrowings was required to be presented for annual periods beginning after December 15, 2014, and interim periods beginning after March 15, 2015. The adoption of this Update did not have a material effect on the Company's consolidated financial statements.

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09. In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606): Summary and Amendments that Create Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs—Contracts with Customers (Subtopic 340-40)*. The guidance in this Update supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the industry topics of the

codification. For public companies, the original Update was to be effective for interim and annual periods beginning after December 15, 2016. The current ASU states that the provisions of ASU 2014-09 should be applied to annual reporting periods, including interim periods, beginning after December 15, 2017. The Company is currently assessing the impact that this guidance will have on its consolidated financial statements.

In February 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. The update changes the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIE) or voting interest entities (VOE), and consolidation conclusions could change for entities that are already considered VIEs. The update also eliminates both the consolidation model specific to limited partnerships and the current presumption that a general partner controls a limited partnership. The new authoritative guidance is effective for interim and annual periods beginning after December 15, 2015. The Company is currently assessing the impact that this guidance may have, if any, on its consolidated financial statements.

In May 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share*. The guidance in this update removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The new authoritative guidance is effective for interim and annual periods beginning after December 15, 2015, with early adoption permitted, and did not have a material effect on the Company's consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Topic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.* The Update requires investments in equity securities, except for those under the equity method of accounting, to be measured at fair value with changes in fair value recognized through net income. In addition, the Update requires separate presentation of financial assets and liabilities by measurement category, such as fair value through net income, fair value through other comprehensive income, or amortized cost on the balance sheet or in the notes to the financial statements. The Update also clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The Update is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early application for public entities is permitted under some circumstances. The Company is currently assessing the impact that this guidance may have, if any, on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842).* The amendments in this Update revise the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases. The Update is effective for the Company beginning in the first quarter of 2019, with early adoption permitted. Adoption of the standard requires the use of a modified retrospective transition approach for all

periods presented at the time of adoption. The Company is currently assessing the impact this guidance may have on its consolidated financial statements.

Note 2: Investments in Securities

The amortized cost and fair values of securities classified as available-for-sale were as follows:

	December 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
U.S. government agencies	$ 20,000	$ —	$ 219	$ 19,781
Mortgage-backed securities	159,777	2,038	601	161,214
States and political subdivisions	72,951	5,081	1	78,031
Other securities	847	2,983	—	3,830
	$ 253,575	$ 10,102	$ 821	$ 262,856

	December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
U.S. government agencies	$ 20,000	$ —	$ 486	$ 19,514
Mortgage-backed securities	254,294	4,325	821	257,798
States and political subdivisions	79,237	5,810	7	85,040
Other securities	847	2,307	—	3,154
	$ 354,378	$ 12,442	$ 1,314	$ 365,506

At December 31, 2015, the Company's mortgage-backed securities portfolio consisted of GNMA securities totaling $101.6 million, FNMA securities totaling $17.6 million and FHLMC securities totaling $42.0 million. At December 31, 2015, $143.1 million of the Company's mortgage-backed securities had variable rates of interest and $18.1 million had fixed rates of interest.

The amortized cost and fair value of available-for-sale securities at December 31, 2015, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(In Thousands)	
After one through five years	$ 619	$ 649
After five through ten years	3,566	3,715
After ten years	88,766	93,448
Securities not due on a single maturity date	159,777	161,214
Other securities	847	3,830
	$ 253,575	$ 262,856

The amortized cost and fair values of securities classified as held to maturity were as follows:

	December 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
States and political subdivisions	$ 353	$ 31	$ —	$ 384

	December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
States and political subdivisions	$ 450	$ 49	$ —	$ 499

The held-to-maturity securities at December 31, 2015, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(In Thousands)	
After one through five years	$ 353	$ 384

The amortized cost and fair values of securities pledged as collateral was as follows at December 31, 2015 and 2014:

	2015		2014	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In Thousands)			
Public deposits	$ 60,355	$ 62,288	$ 130,760	$ 133,940
Collateralized borrowing accounts	131,813	131,950	160,130	161,145
Other	5,149	5,330	3,965	4,053
	$ 197,317	$ 199,568	$ 294,855	$ 299,138

Certain investments in debt securities are reported in the financial statements at an amount less than their historical cost. Total fair value of these investments at December 31, 2015 and 2014, was approximately $76.0 million and $106.0 million, respectively, which is approximately 28.9% and 29.0% of the Company's available-for-sale and held-to-maturity investment portfolio, respectively.

Based on evaluation of available evidence, including recent changes in market interest rates, credit rating information and information obtained from regulatory filings, management believes the declines in fair value for these debt securities are temporary.

The following table shows the Company's gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2015 and 2014:

	2015					
	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In Thousands)					
U.S. government agencies	$ 20,000	$ (219)	$ —	$ —	$ 20,000	$ (219)
Mortgage-backed securities	45,494	(348)	9,635	(253)	55,129	(601)
States and political subdivisions	—	—	910	(1)	910	(1)
	$ 65,494	$ (567)	$ 10,545	$ (254)	$ 76,039	$ (821)

	2014					
	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In Thousands)					
U.S. government agencies	$ —	$ —	$ 20,000	$ (486)	$ 20,000	$ (486)
Mortgage-backed securities	40,042	(328)	45,056	(493)	85,098	(821)
States and political subdivisions	—	—	925	(7)	925	(7)
	$ 40,042	$ (328)	$ 65,981	$ (986)	$ 106,023	$ (1,314)

Other-than-Temporary Impairment

Upon acquisition of a security, the Company decides whether it is within the scope of the accounting guidance for beneficial interests in securitized financial assets or will be evaluated for impairment under the accounting guidance for investments in debt and equity securities.

The accounting guidance for beneficial interests in securitized financial assets provides incremental impairment guidance for a subset of the debt securities within the scope of the guidance for investments in debt and equity securities. For securities where the security is a beneficial interest in securitized financial assets, the Company uses the beneficial interests in securitized financial asset impairment model. For securities where the security is not a beneficial interest in securitized financial assets, the Company uses the debt and equity securities impairment model. The Company does not currently have securities within the scope of this guidance for beneficial interests in securitized financial assets.

The Company routinely conducts periodic reviews to identify and evaluate each investment security to determine whether an other-than-temporary impairment has occurred. The Company considers the length of time a security has been in an unrealized loss position, the relative amount of the unrealized loss compared to the carrying value of the security, the type of security and other factors. If certain criteria are met, the Company performs additional review and evaluation using observable market values or various inputs in economic models to determine if an unrealized loss is other than

temporary. The Company uses quoted market prices for marketable equity securities and uses broker pricing quotes based on observable inputs for equity investments that are not traded on a stock exchange. For nonagency collateralized mortgage obligations, to determine if the unrealized loss is other than temporary, the Company projects total estimated defaults of the underlying assets (mortgages) and multiplies that calculated amount by an estimate of realizable value upon sale in the marketplace (severity) in order to determine the projected collateral loss. The Company also evaluates any current credit enhancement underlying these securities to determine the impact on cash flows. If the Company determines that a given security position will be subject to a write-down or loss, the Company records the expected credit loss as a charge to earnings.

During 2015, 2014 and 2013, no securities were determined to have impairment that had become other than temporary.

Credit Losses Recognized on Investments

There were no debt securities that have experienced fair value deterioration due to credit losses, as well as due to other market factors, but are not otherwise other-than-temporarily impaired.

Note 3: Loans and Allowance for Loan Losses

Classes of loans at December 31, 2015 and 2014, included:

	2015	2014
	(In Thousands)	
One- to four-family residential construction	$ 23,526	$ 40,361
Subdivision construction	38,504	28,593
Land development	58,440	52,096
Commercial construction	600,794	392,929
Owner occupied one- to four-family residential	110,277	87,549
Non-owner occupied one- to four-family residential	149,874	143,051
Commercial real estate	1,043,474	945,876
Other residential	419,549	392,414
Commercial business	357,580	354,012
Industrial revenue bonds	37,362	41,061
Consumer auto	439,895	323,353
Consumer other	74,829	78,029
Home equity lines of credit	83,966	66,272
Acquired FDIC-covered loans, net of discounts	236,071	286,608
Acquired loans no longer covered by FDIC loss sharing agreements, net of discounts	33,338	49,945
Acquired non-covered loans, net of discounts	93,436	121,982
	3,800,915	3,404,131
Undisbursed portion of loans in process	(418,702)	(323,572)
Allowance for loan losses	(38,149)	(38,435)
Deferred loan fees and gains, net	(3,528)	(3,276)
	$ 3,340,536	$ 3,038,848

Classes of loans by aging were as follows:

	December 31, 2015						
	30-59 Days Past Due	60-89 Days Past Due	Over 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days Past Due and Still Accruing
	(In Thousands)						
One- to four-family residential construction	$ 649	$ —	$ —	$ 649	$ 22,877	$ 23,526	$ —
Subdivision construction	—	—	—	—	38,504	38,504	—
Land development	2,245	148	139	2,532	55,908	58,440	—
Commercial construction	1	—	—	1	600,793	600,794	—
Owner occupied one- to four-family residential	1,217	345	715	2,277	108,000	110,277	—
Non-owner occupied one- to four-family residential	—	—	345	345	149,529	149,874	—
Commercial real estate	1,035	471	13,488	14,994	1,028,480	1,043,474	—
Other residential	—	—	—	—	419,549	419,549	—
Commercial business	1,020	9	288	1,317	356,263	357,580	—
Industrial revenue bonds	—	—	—	—	37,362	37,362	—
Consumer auto	3,351	891	721	4,963	434,932	439,895	—
Consumer other	943	236	576	1,755	73,074	74,829	—
Home equity lines of credit	212	123	297	632	83,334	83,966	—
Acquired FDIC-covered loans, net of discounts	7,936	603	9,712	18,251	217,820	236,071	—
Acquired loans no longer covered by FDIC loss sharing agreements, net of discounts	989	39	33	1,061	32,277	33,338	—
Acquired non-covered loans, net of discounts	1,081	638	5,914	7,633	85,803	93,436	—
	20,679	3,503	32,228	56,410	3,744,505	3,800,915	—
Less FDIC-supported loans, and acquired non-covered loans, net of discounts	10,006	1,280	15,659	26,945	335,900	362,845	—
Total	$ 10,673	$ 2,223	$ 16,569	$ 29,465	$ 3,408,605	$ 3,438,070	$ —

	December 31, 2014						
	30-59 Days Past Due	60-89 Days Past Due	Over 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days Past Due and Still Accruing
	(In Thousands)						
One- to four-family residential construction	$ —	$ —	$ —	$ —	$ 40,361	$ 40,361	$ —
Subdivision construction	109	—	—	109	28,484	28,593	—
Land development	110	—	255	365	51,731	52,096	—
Commercial construction	—	—	—	—	392,929	392,929	—
Owner occupied one- to four-family residential	2,037	441	1,029	3,507	84,042	87,549	170
Non-owner occupied one- to four-family residential	583	—	296	879	142,172	143,051	—
Commercial real estate	6,887	—	4,699	11,586	934,290	945,876	187
Other residential	—	—	—	—	392,414	392,414	—
Commercial business	59	—	411	470	353,542	354,012	—
Industrial revenue bonds	—	—	—	—	41,061	41,061	—
Consumer auto	1,801	244	316	2,361	320,992	323,353	—
Consumer other	1,301	260	801	2,362	75,667	78,029	397
Home equity lines of credit	89	—	340	429	65,843	66,272	22
Acquired FDIC-covered loans, net of discounts	6,236	1,062	16,419	23,717	262,891	286,608	194
Acquired loans no longer covered by FDIC loss sharing agreements, net of discounts	754	46	243	1,043	48,902	49,945	—
Acquired non-covered loans, net of discounts	2,638	640	11,248	14,526	107,456	121,982	—
	22,604	2,693	36,057	61,354	3,342,777	3,404,131	970
Less FDIC-supported loans, and acquired non-covered loans, net of discounts	9,628	1,748	27,910	39,286	419,249	458,535	194
Total	$ 12,976	$ 945	$ 8,147	$ 22,068	$ 2,923,528	$ 2,945,596	$ 776

Nonaccruing loans are summarized as follows:

	December 31,	
	2015	2014
	(In Thousands)	
One- to four-family residential construction	$ —	$ —
Subdivision construction	—	—
Land development	139	255
Commercial construction	—	—
Owner occupied one- to four-family residential	715	859
Non-owner occupied one- to four-family residential	345	296
Commercial real estate	13,488	4,512
Other residential	—	—
Commercial business	288	411
Industrial revenue bonds	—	—
Consumer auto	721	316
Consumer other	576	404
Home equity lines of credit	297	318
Total	$ 16,569	$ 7,371

The following table presents the activity in the allowance for loan losses by portfolio segment for the year ended December 31, 2015. Also presented are the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method as of December 31, 2015:

	One- to Four-Family Residential and Construction	Other Residential	Commercial Real Estate	Commercial Construction	Commercial Business	Consumer	Total
				(In Thousands)			
Allowance for Loan Losses							
Balance, January 1, 2015	$ 3,455	$ 2,941	$ 19,773	$ 3,562	$ 3,679	$ 5,025	$ 38,435
Provision (benefit) charged to expense	1,428	193	(2,753)	(619)	1,450	5,820	5,519
Losses charged off	(80)	(2)	(2,584)	(329)	(1,202)	(5,315)	(9,512)
Recoveries	97	58	302	405	276	2,569	3,707
Balance, December 31, 2015	$ 4,900	$ 3,190	$ 14,738	$ 3,019	$ 4,203	$ 8,099	$ 38,149
Ending balance:							
Individually evaluated for impairment	$ 731	$ —	$ 2,556	$ 1,391	$ 1,115	$ 300	$ 6,093
Collectively evaluated for impairment	$ 3,464	$ 3,122	$ 11,888	$ 1,570	$ 2,862	$ 7,647	$ 30,553
Loans acquired and accounted for under ASC 310-30	$ 705	$ 68	$ 294	$ 58	$ 226	$ 152	$ 1,503
Loans							
Individually evaluated for impairment	$ 6,129	$ 9,533	$ 34,629	$ 7,555	$ 2,365	$ 1,950	$ 62,161
Collectively evaluated for impairment	$ 316,052	$ 410,016	$ 1,008,845	$ 651,679	$ 392,577	$ 596,740	$3,375,909
Loans acquired and accounted for under ASC 310-30	$ 194,697	$ 35,945	$ 73,148	$ 4,981	$ 10,500	$ 43,574	$ 362,845

The following table presents the activity in the allowance for loan losses by portfolio segment for the year ended December 31, 2014. Also presented are the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method as of December 31, 2014:

	One- to Four-Family Residential and Construction	Other Residential	Commercial Real Estate	Commercial Construction	Commercial Business	Consumer	Total
				(In Thousands)			
Allowance for Loan Losses							
Balance, January 1, 2014	$ 6,235	$ 2,678	$ 16,939	$ 4,464	$ 6,451	$ 3,349	$ 40,116
Provision (benefit) charged to expense	(1,025)	227	1,855	(957)	409	3,642	4,151
Losses charged off	(2,251)	(1)	(2,160)	(126)	(3,286)	(4,005)	(11,829)
Recoveries	496	37	3,139	181	105	2,039	5,997
Balance, December 31, 2014	$ 3,455	$ 2,941	$ 19,773	$ 3,562	$ 3,679	$ 5,025	$ 38,435
Ending balance:							
Individually evaluated for impairment	$ 829	$ —	$ 1,751	$ 1,507	$ 823	$ 232	$ 5,142
Collectively evaluated for impairment	$ 2,532	$ 2,923	$ 16,671	$ 1,905	$ 2,805	$ 4,321	$ 31,157
Loans acquired and accounted for under ASC 310-30	$ 94	$ 18	$ 1,351	$ 150	$ 51	$ 472	$ 2,136
Loans							
Individually evaluated for impairment	$ 11,488	$ 9,804	$ 28,641	$ 7,601	$ 2,725	$ 1,480	$ 61,739
Collectively evaluated for impairment	$ 288,066	$ 382,610	$ 917,235	$ 437,424	$ 392,348	$ 466,174	$2,883,857
Loans acquired and accounted for under ASC 310-30	$ 234,158	$ 48,470	$ 107,278	$ 1,937	$ 17,789	$ 48,903	$ 458,535

The following table presents the activity in the allowance for loan losses by portfolio segment for the year ended December 31, 2013. Also presented are the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method as of December 31, 2013:

	One- to Four-Family Residential and Construction	Other Residential	Commercial Real Estate	Commercial Construction	Commercial Business	Consumer	Total
				(In Thousands)			
Allowance for Loan Losses							
Balance, January 1, 2013	$ 6,822	$ 4,327	$ 17,441	$ 3,938	$ 5,096	$ 3,025	$ 40,649
Provision charged to expense	1,496	1,556	6,922	1,142	4,404	1,866	17,386
Losses charged off	(2,196)	(3,248)	(9,836)	(788)	(4,072)	(3,312)	(23,452)
Recoveries	113	43	2,412	172	1,023	1,770	5,533
Balance, December 31, 2013	$ 6,235	$ 2,678	$ 16,939	$ 4,464	$ 6,451	$ 3,349	$ 40,116
Ending balance:							
Individually evaluated for impairment	$ 2,501	$ —	$ 90	$ 473	$ 4,162	$ 218	$ 7,444
Collectively evaluated for impairment	$ 3,734	$ 2,678	$ 16,845	$ 3,991	$ 2,287	$ 3,131	$ 32,666
Loans acquired and accounted for under ASC 310-30	$ —	$ —	$ 4	$ —	$ 2	$ —	$ 6
Loans							
Individually evaluated for impairment	$ 13,055	$ 10,983	$ 31,591	$ 12,628	$ 8,755	$ 1,389	$ 78,401
Collectively evaluated for impairment	$ 297,057	$ 314,616	$ 791,329	$ 229,332	$ 306,514	$ 273,871	$ 2,212,619
Loans acquired and accounted for under ASC 310-30	$ 206,964	$ 35,095	$ 84,591	$ 6,989	$ 4,883	$ 47,642	$ 386,164

The portfolio segments used in the preceding three tables correspond to the loan classes used in all other tables in *Note 3* as follows:

- The one- to four-family residential and construction segment includes the one- to four-family residential construction, subdivision construction, owner occupied one- to four-family residential and non-owner occupied one- to four-family residential classes.
- The other residential segment corresponds to the other residential class.
- The commercial real estate segment includes the commercial real estate and industrial revenue bonds classes.
- The commercial construction segment includes the land development and commercial construction classes.

- The commercial business segment corresponds to the commercial business class.
- The consumer segment includes the consumer auto, consumer other and home equity lines of credit classes.

The weighted average interest rate on loans receivable at December 31, 2015 and 2014, was 4.56% and 4.66%, respectively.

Loans serviced for others are not included in the accompanying consolidated statements of financial condition. The unpaid principal balances of loans serviced for others were $237.7 million and $266.4 million at December 31, 2015 and 2014, respectively. In addition, available lines of credit on these loans were $32.3 million and $33.0 million at December 31, 2015 and 2014, respectively.

A loan is considered impaired, in accordance with the impairment accounting guidance (FASB ASC 310-10-35-16) when, based on current information and events, it is probable the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include not only nonperforming loans but also loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties.

The following summarizes information regarding impaired loans at and during the years ended December 31, 2015, 2014 and 2013:

	December 31, 2015			Year Ended December 31, 2015	
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
	(In Thousands)				
One- to four-family residential construction	$ —	$ —	$ —	$ 633	$ 35
Subdivision construction	1,061	1,061	214	3,533	109
Land development	7,555	7,644	1,391	7,432	287
Commercial construction	—	—	—	—	—
Owner occupied one- to four-family residential	3,166	3,427	389	3,587	179
Non-owner occupied one- to four-family residential	1,902	2,138	128	1,769	100
Commercial real estate	34,629	37,259	2,556	28,610	1,594
Other residential	9,533	9,533	—	9,670	378
Commercial business	2,365	2,539	1,115	2,268	138
Industrial revenue bonds	—	—	—	—	—
Consumer auto	791	829	119	576	59
Consumer other	802	885	120	672	74
Home equity lines of credit	357	374	61	403	27
Total	$ 62,161	$ 65,689	$ 6,093	$ 59,153	$ 2,980

	December 31, 2014			Year Ended December 31, 2014	
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
			(In Thousands)		
One- to four-family residential construction	$ 1,312	$ 1,312	$ —	$ 173	$ 76
Subdivision construction	4,540	4,540	344	2,593	226
Land development	7,601	8,044	1,507	9,691	292
Commercial construction	—	—	—	—	—
Owner occupied one- to four-family residential	3,747	4,094	407	4,808	212
Non-owner occupied one- to four-family residential	1,889	2,113	78	4,010	94
Commercial real estate	28,641	30,781	1,751	29,808	1,253
Other residential	9,804	9,804	—	10,469	407
Commercial business	2,725	2,750	823	2,579	158
Industrial revenue bonds	—	—	—	2,644	—
Consumer auto	420	507	63	219	37
Consumer other	629	765	94	676	71
Home equity lines of credit	431	476	75	461	25
Total	$ 61,739	$ 65,186	$ 5,142	$ 68,131	$ 2,851

	December 31, 2013			Year Ended December 31, 2013	
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
			(In Thousands)		
One- to four-family residential construction	$ —	$ —	$ —	$ 36	$ —
Subdivision construction	3,502	3,531	1,659	3,315	163
Land development	12,628	13,042	473	13,389	560
Commercial construction	—	—	—	—	—
Owner occupied one- to four-family residential	5,802	6,117	593	5,101	251
Non-owner occupied one- to four-family residential	3,751	4,003	249	4,797	195
Commercial real estate	31,591	34,032	90	42,242	1,632
Other residential	10,983	10,983	—	13,837	434
Commercial business	6,057	6,077	4,162	6,821	179
Industrial revenue bonds	2,698	2,778	—	2,700	27
Consumer auto	216	231	32	145	16
Consumer other	604	700	91	630	63
Home equity lines of credit	569	706	95	391	38
Total	$ 78,401	$ 82,200	$ 7,444	$ 93,404	$ 3,558

At December 31, 2015, $25.1 million of impaired loans had specific valuation allowances totaling $6.1 million. At December 31, 2014, $20.0 million of impaired loans had specific valuation allowances totaling $5.1 million. At December 31, 2013, $18.0 million of impaired loans had specific valuation allowances totaling $7.4 million. For impaired loans which were nonaccruing, interest of approximately $1.0 million, $1.1 million and $1.6 million would have been recognized on an accrual basis during the years ended December 31, 2015, 2014 and 2013, respectively.

Included in certain loan categories in the impaired loans are troubled debt restructurings that were classified as impaired. Troubled debt restructurings are loans that are modified by granting concessions to borrowers experiencing financial difficulties. These concessions could include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection. The types of concessions made are factored into the estimation of the allowance for loan losses for troubled debt restructurings primarily using a discounted cash flows or collateral adequacy approach.

The following table presents newly restructured loans during 2015 and 2014 by type of modification:

	2015			
	Interest Only	Term	Combination	Total Modification
	(In Thousands)			
Mortgage loans on real estate:				
Residential one-to-four family	$ —	$ 407	$ 164	$ 571
Commercial	—	115	—	115
Commercial	—	1,095	—	1,095
Consumer	—	97	—	97
	$ —	$ 1,714	$ 164	$ 1,878

	2014			
	Interest Only	Term	Combination	Total Modification
	(In Thousands)			
Mortgage loans on real estate:				
One- to four-family residential construction	$ —	$ —	$ 223	$ 223
Subdivision construction	—	250	—	250
Residential one-to-four family	308	426	—	734
Commercial	506	1,928	—	2,434
Other residential	—	1,881	—	1,881
Commercial	—	1,150	—	1,150
Consumer	—	145	—	145
	$ 814	$ 5,780	$ 223	$ 6,817

At December 31, 2015, the Company had $45.0 million of loans that were modified in troubled debt restructurings and impaired, as follows: $7.9 million of construction and land development loans, $13.5 million of single family and multi-family residential mortgage loans, $21.3 million of commercial real estate loans, $2.0 million of commercial business loans and $311,000 of consumer loans. Of the total troubled debt restructurings at December 31, 2015, $39.0 million were accruing interest and $12.2 million were classified as substandard using the Company's internal grading system which is described below. The Company had no troubled debt restructurings which were modified in the previous 12 months and subsequently defaulted during the year ended December 31, 2015. When loans modified as troubled debt restructuring have subsequent payment defaults, the defaults are factored into the determination of the allowance for loan losses to ensure specific valuation allowances reflect amounts considered uncollectible. At December 31, 2014, the Company had $47.6 million of loans that were modified in troubled debt restructurings and impaired, as follows: $8.3 million of construction and land development loans, $13.8 million of single family and multi-family residential mortgage loans, $23.3 million of commercial real estate loans, $1.9 million of commercial business loans and $324,000 of consumer loans. Of the total troubled debt restructurings at December 31, 2014, $39.2 million were accruing interest and $18.3 million were classified as substandard using the Company's internal grading system.

During the year ended December 31, 2015, borrowers with loans designated as troubled debt restructurings totaling $2.7 million met the criteria for placement back on accrual status. This criteria is generally a minimum of six months of payment performance under original or modified terms. The $2.7 million was made up of $1.3 million of commercial real estate loans, $1.0 million of residential mortgage loans, $337,000 of construction and land development loans, $43,000 of consumer loans and $29,000 of commercial business loans.

The Company reviews the credit quality of its loan portfolio using an internal grading system that classifies loans as "Satisfactory," "Watch," "Special Mention," "Substandard" and "Doubtful." Substandard loans are characterized by the distinct possibility that the Bank will sustain some loss if certain deficiencies are not corrected. Doubtful loans are those having all the weaknesses inherent to those classified Substandard with the added characteristics that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. Special mention loans possess potential weaknesses that deserve management's close attention but do not expose the Bank to a degree of risk that warrants substandard classification. Loans classified as watch are being monitored because of indications of potential weaknesses or deficiencies that may require future classification as special mention or substandard. Loans not meeting any of the criteria previously described are considered satisfactory. The acquired FDIC-covered loans are evaluated using this internal grading system. These loans are accounted for in pools and are currently substantially covered through loss sharing agreements with the FDIC. Minimal adverse classification in the loan pools was identified as of December 31, 2015 and 2014, respectively. The acquired loans no longer covered by the FDIC are also evaluated using this internal grading system, and are accounted for in pools. Minimal adverse classification in the loan pools was identified as of December 31, 2015 and 2014, respectively. The acquired non-covered loans are also evaluated using this internal grading system. These loans are accounted for in pools and minimal adverse classification in the loan pools was identified as of December 31, 2015. See *Note 4* for further discussion of the acquired loan pools and loss sharing agreements.

The Company evaluates the loan risk internal grading system definitions and allowance for loan loss methodology on an ongoing basis. In the fourth quarter of 2014, the Company began using a three-year average of historical losses for the general component of the allowance for loan loss calculation. The Company had previously used a five-year average. The Company believes that the three-year average provides a better representation of the current risks in the loan portfolio. This change was made after consultation with our regulators and other third-party consultants, as well as a review of the practices used by the Company's peers. This change did not materially affect the level of the allowance for loan losses. The general component of the allowance for loan losses is affected by several factors, including, but not limited to, average historical losses, the current composition of the loan portfolio, current and expected economic conditions, collateral values and internal risk ratings. Management considers all these factors in determining the adequacy of its allowance for loan losses. No other significant changes were made to the loan risk grading system definitions and allowance for loan loss methodology during the past year.

The loan grading system is presented by loan class below:

	December 31, 2015					
	Satisfactory	Watch	Special Mention	Substandard	Doubtful	Total
	(In Thousands)					
One- to four-family residential construction	$ 22,798	$ —	$ 728	$ —	$ —	$ 23,526
Subdivision construction	34,370	263	3,407	464	—	38,504
Land development	47,357	6,992	—	4,091	—	58,440
Commercial construction	600,794	—	—	—	—	600,794
Owner occupied one- to-four-family residential	108,584	587	—	1,106	—	110,277
Non-owner occupied one- to-four-family residential	144,744	516	3,827	787	—	149,874
Commercial real estate	1,005,894	18,805	—	18,775	—	1,043,474
Other residential	409,172	8,422	—	1,955	—	419,549
Commercial business	355,370	1,303	438	469	—	357,580
Industrial revenue bonds	37,362	—	—	—	—	37,362
Consumer auto	439,157	—	—	738	—	439,895
Consumer other	74,167	—	—	662	—	74,829
Home equity lines of credit	83,627	—	—	339	—	83,966
Acquired FDIC-covered loans, net of discounts	236,055	—	—	16	—	236,071
Acquired loans no longer covered by FDIC loss sharing agreements, net of discounts	33,237	—	—	101	—	33,338
Acquired non-covered loans, net of discounts	91,614	—	—	1,822	—	93,436
Total	$ 3,724,302	$ 36,888	$ 8,400	$ 31,325	$ —	$ 3,800,915

	December 31, 2014					
	Satisfactory	Watch	Special Mention	Substandard	Doubtful	Total
	(In Thousands)					
One- to four-family residential construction	$ 39,049	$ —	$ —	$ 1,312	$ —	$ 40,361
Subdivision construction	24,269	21	—	4,303	—	28,593
Land development	41,035	5,000	—	6,061	—	52,096
Commercial construction	392,929	—	—	—	—	392,929
Owner occupied one- to-four-family residential	85,041	745	—	1,763	—	87,549
Non-owner occupied one- to-four-family residential	141,198	580	—	1,273	—	143,051
Commercial real estate	901,167	32,155	—	12,554	—	945,876
Other residential	380,811	9,647	—	1,956	—	392,414
Commercial business	351,744	423	—	1,845	—	354,012
Industrial revenue bonds	40,037	1,024	—	—	—	41,061
Consumer auto	323,002	—	—	351	—	323,353
Consumer other	77,507	3	—	519	—	78,029
Home equity lines of credit	65,841	—	—	431	—	66,272
Acquired FDIC-covered loans, net of discounts	286,049	—	—	559	—	286,608
Acquired loans no longer covered by FDIC loss sharing agreements, net of discounts	48,592	—	—	1,353	—	49,945
Acquired non-covered loans, net of discounts	121,982	—	—	—	—	121,982
Total	$ 3,320,253	$ 49,598	$ —	$ 34,280	$ —	$ 3,404,131

Certain of the Bank's real estate loans are pledged as collateral for borrowings as set forth in *Notes 9* and *11*.

Certain directors and executive officers of the Company and the Bank are customers of and had transactions with the Bank in the ordinary course of business. Except for the interest rates on loans secured by personal residences, in the opinion of management, all loans included in such transactions were made on substantially the same terms as those prevailing at the time for comparable transactions with unrelated parties. Generally, residential first mortgage loans and home equity lines of credit to all employees and directors have been granted at interest rates equal to the Bank's cost of funds, subject to annual adjustments in the case of residential first mortgage loans and monthly adjustments in the case of home equity lines of credit. At December 31, 2015 and 2014, loans outstanding to these directors and executive officers are summarized as follows:

	December 31, 2015	December 31, 2014
	(In Thousands)	
Balance, beginning of year	$ 16,028	$ 7,093
New loans	3,390	10,427
Payments	(5,131)	(1,492)
Balance, end of year	$ 14,287	$ 16,028

Note 4: Acquired Loans, Loss Sharing Agreements and FDIC Indemnification Assets

TeamBank

On March 20, 2009, Great Southern Bank entered into a purchase and assumption agreement with loss share with the Federal Deposit Insurance Corporation (FDIC) to assume all of the deposits (excluding brokered deposits) and acquire certain assets of TeamBank, N.A., a full service commercial bank headquartered in Paola, Kansas.

The loans, commitments and foreclosed assets purchased in the TeamBank transaction were covered by a loss sharing agreement between the FDIC and Great Southern Bank. Under the loss sharing agreement, the Bank shares in the losses on assets covered under the agreement (referred to as covered assets). On losses up to $115.0 million, the FDIC agreed to reimburse the Bank for 80% of the losses. On losses exceeding $115.0 million, the FDIC agreed to reimburse the Bank for 95% of the losses. Realized losses covered by the loss sharing agreement include loan contractual balances (and related unfunded commitments that were acquired), accrued interest on loans for up to 90 days, the book value of foreclosed real estate acquired, and certain direct costs, less cash or other consideration received by Great Southern. This agreement extends for ten years for 1-4 family real estate loans and for five years for other loans, which five-year period ended March 31, 2014. The value of this loss sharing agreement was considered in determining fair values of loans and foreclosed assets acquired. The loss sharing agreement is subject to the Bank following servicing procedures as specified in the agreement with the FDIC. The expected reimbursements under the loss sharing agreement were recorded as an indemnification asset at their preliminary estimated fair value on the acquisition date. Based upon the acquisition date fair values of the net assets acquired, no goodwill was recorded.

The Bank recorded a preliminary one-time gain of $27.8 million (pre-tax) based upon the initial estimated fair value of the assets acquired and liabilities assumed in accordance with FASB ASC 805, *Business Combinations*. FASB ASC 805 allows a measurement period of up to one year to adjust initial fair value estimates as of the acquisition date. Subsequent to the initial fair value estimate calculations in the first quarter of 2009, additional information was obtained about the fair value of assets acquired and liabilities assumed as of March 20, 2009, which resulted in adjustments to the initial fair value estimates. Most significantly, additional information was obtained on the credit quality of certain loans as of the acquisition date which resulted in increased

fair value estimates of the acquired loan pools. The fair values of these loan pools were adjusted and the provisional fair values finalized. These adjustments resulted in a $16.1 million increase to the initial one-time gain of $27.8 million. Thus, the final gain was $43.9 million related to the fair value of the acquired assets and assumed liabilities. This gain was included in Noninterest Income in the Company's Consolidated Statement of Income for the year ended December 31, 2009.

The Bank originally recorded the fair value of the acquired loans at their preliminary fair value of $222.8 million and the related FDIC indemnification asset was originally recorded at its preliminary fair value of $153.6 million. As discussed above, these initial fair values were adjusted during the measurement period, resulting in a final fair value at the acquisition date of $264.4 million for acquired loans and $128.3 million for the FDIC indemnification asset. A discount was recorded in conjunction with the fair value of the acquired loans and the amount accreted to yield during 2015, 2014 and 2013 was $-0-, $-0- and $134,000, respectively.

In addition to the loan and FDIC indemnification assets noted above, the acquisition consisted of other assets with a fair value of approximately $235.5 million, including $111.8 million of investment securities, $83.4 million of cash and cash equivalents, $2.9 million of foreclosed assets and $3.9 million of FHLB stock. Liabilities with a fair value of $610.2 million were also assumed, including $515.7 million of deposits, $80.9 million of FHLB advances and $2.3 million of repurchase agreements with a commercial bank. A customer-related core deposit intangible asset of $2.9 million was also recorded. In addition to the excess of liabilities over assets, the Bank received approximately $42.4 million in cash from the FDIC and entered into the loss sharing agreement with the FDIC.

Vantus Bank

On September 4, 2009, Great Southern Bank entered into a purchase and assumption agreement with loss share with the FDIC to assume all of the deposits and acquire certain assets of Vantus Bank, a full service thrift headquartered in Sioux City, Iowa.

The loans, commitments and foreclosed assets purchased in the Vantus Bank transaction were covered by a loss sharing agreement between the FDIC and Great Southern Bank. Under the loss sharing agreement, the Bank shares in the losses on assets covered under the agreement (referred to as covered assets). On losses up to $102.0 million, the FDIC agreed to reimburse the Bank for 80% of the losses. On losses exceeding $102.0 million, the FDIC agreed to reimburse the Bank for 95% of the losses. Realized losses covered by the loss sharing agreement include loan contractual balances (and related unfunded commitments that were acquired), accrued interest on loans for up to 90 days, the book value of foreclosed real estate acquired, and certain direct costs, less cash or other consideration received by Great Southern. This agreement extends for ten years for 1-4 family real estate loans and for five years for other loans, which five-year period ended September 30, 2014. The value of this loss sharing agreement was considered in determining fair values of loans and foreclosed assets acquired. The loss sharing agreement is subject to the Bank following servicing procedures as specified in the agreement with the FDIC. The expected reimbursements under the loss sharing agreement were recorded as an indemnification asset at their preliminary estimated fair value of $62.2 million on the acquisition date. Based upon the acquisition date fair values of the net assets acquired, no goodwill was recorded. The transaction resulted in a preliminary one-time gain of $45.9 million, which was included in Noninterest Income in the Company's Consolidated Statement of Income for the year ended December 31, 2009. During 2010, the Company continued to analyze its estimates of

the fair values of the loans acquired and the indemnification asset recorded. The Company finalized its analysis of these assets without adjustments to the initial fair value estimates. The Bank recorded the fair value of the acquired loans at their estimated fair value of $247.0 million and the related FDIC indemnification asset was recorded at its estimated fair value of $62.2 million. A discount was recorded in conjunction with the fair value of the acquired loans and the amount accreted to yield during 2015, 2014 and 2013 was $-0-, $-0- and $104,000, respectively.

In addition to the loan and FDIC indemnification assets noted above, the acquisition consisted of other assets with a fair value of approximately $47.2 million, including $23.1 million of investment securities, $12.8 million of cash and cash equivalents, $2.2 million of foreclosed assets and $5.9 million of FHLB stock. Liabilities with a fair value of $444.0 million were also assumed, including $352.7 million of deposits, $74.6 million of FHLB advances, $10.0 million of borrowings from the Federal Reserve Bank and $3.2 million of repurchase agreements with a commercial bank. A customer-related core deposit intangible asset of $2.2 million was also recorded. In addition to the excess of liabilities over assets, the Bank received approximately $131.3 million in cash from the FDIC and entered into the loss sharing agreement with the FDIC.

Sun Security Bank

On October 7, 2011, Great Southern Bank entered into a purchase and assumption agreement with loss share with the FDIC to assume all of the deposits and acquire certain assets of Sun Security Bank, a full service bank headquartered in Ellington, Missouri.

The loans and foreclosed assets purchased in the Sun Security Bank transaction are covered by a loss sharing agreement between the FDIC and Great Southern Bank. Under the loss sharing agreement, the FDIC has agreed to cover 80% of the losses on the loans (excluding approximately $4 million of consumer loans) and foreclosed assets purchased subject to certain limitations. Realized losses covered by the loss sharing agreement include loan contractual balances (and related unfunded commitments that were acquired), accrued interest on loans for up to 90 days, the book value of foreclosed real estate acquired, and certain direct costs, less cash or other consideration received by Great Southern. This agreement extends for ten years for 1-4 family real estate loans and for five years for other loans. The value of this loss sharing agreement was considered in determining fair values of loans and foreclosed assets acquired. The loss sharing agreement is subject to the Bank following servicing procedures as specified in the agreement with the FDIC. The expected reimbursements under the loss sharing agreement were recorded as an indemnification asset at their preliminary estimated fair value of $67.4 million on the acquisition date. Based upon the acquisition date fair values of the net assets acquired, no goodwill was recorded. The transaction resulted in a preliminary one-time gain of $16.5 million, which was included in Noninterest Income in the Company's Consolidated Statement of Income for the year ended December 31, 2011. During 2012, the Company continued to analyze its estimates of the fair values of the loans acquired and the indemnification asset recorded. The Company finalized its analysis of these assets without adjustments to the initial fair value estimates. The Bank recorded the fair value of the acquired loans at their estimated fair value of $163.7 million and the related FDIC indemnification asset was recorded at its estimated fair value of $67.4 million. A discount was recorded in conjunction with the fair value of the acquired loans and the amount accreted to yield during 2015, 2014 and 2013 was $-0-, $105,000 and $974,000, respectively.

In addition to the loan and FDIC indemnification assets noted above, the acquisition consisted of other assets with a fair value of approximately $85.2 million, including $45.3 million of investment securities, $26.1 million of cash and cash equivalents, $9.1 million of foreclosed assets, $3.0 million of FHLB stock and $1.8 million of other assets. Liabilities with a fair value of $345.8 million were also assumed, including $280.9 million of deposits, $64.3 million of FHLB advances and $632,000 of other liabilities. A customer-related core deposit intangible asset of $2.5 million was also recorded. Net of the excess of assets over liabilities, the Bank received approximately $40.8 million in cash from the FDIC and entered into the loss sharing agreement with the FDIC.

InterBank

On April 27, 2012, Great Southern Bank entered into a purchase and assumption agreement with loss share with the FDIC to assume all of the deposits and acquire certain assets of Inter Savings Bank, FSB (“InterBank”), a full service bank headquartered in Maple Grove, Minnesota.

The loans and foreclosed assets purchased in the InterBank transaction are covered by a loss sharing agreement between the FDIC and Great Southern Bank. Under the loss sharing agreement, the FDIC has agreed to cover 80% of the losses on the loans (excluding approximately $60,000 of consumer loans) and foreclosed assets purchased subject to certain limitations. Realized losses covered by the loss sharing agreement include loan contractual balances (and related unfunded commitments that were acquired), accrued interest on loans for up to 90 days, the book value of foreclosed real estate acquired, and certain direct costs, less cash or other consideration received by Great Southern. This agreement extends for ten years for 1-4 family real estate loans and for five years for other loans. The value of this loss sharing agreement was considered in determining fair values of loans and foreclosed assets acquired. The loss sharing agreement is subject to the Bank following servicing procedures as specified in the agreement with the FDIC. The expected reimbursements under the loss sharing agreement were recorded as an indemnification asset at their preliminary estimated fair value of $84.0 million on the acquisition date. Based upon the acquisition date fair values of the net assets acquired, no goodwill was recorded. The transaction resulted in a preliminary one-time gain of $31.3 million, which was included in Noninterest Income in the Company’s Consolidated Statement of Income for the year ended December 31, 2012. During 2012, the Company continued to analyze its estimates of the fair values of the loans acquired and the indemnification asset recorded. The Company finalized its analysis of these assets without adjustments to the initial fair value estimates. The Bank recorded the fair value of the acquired loans at their estimated fair value of $285.5 million and the related FDIC indemnification asset was recorded at its estimated fair value of $84.0 million. A premium was recorded in conjunction with the fair value of the acquired loans and the amount amortized to yield during 2015, 2014 and 2013 was $459,000, $544,000 and $636,000, respectively.

In addition to the loan and FDIC indemnification assets noted above, the acquisition consisted of other assets with a fair value of approximately $79.8 million, including $34.9 million of investment securities, $34.5 million of cash and cash equivalents, $6.2 million of foreclosed assets, $585,000 of FHLB stock and $2.6 million of other assets. Liabilities with a fair value of $458.7 million were also assumed, including $456.3 million of deposits and $2.4 million of other liabilities. A customer-related core deposit intangible asset of $1.0 million was also recorded. Net of the excess of assets over liabilities, the Bank received approximately $40.8 million in cash from the FDIC and entered into the loss sharing agreement with the FDIC.

Valley Bank

On June 20, 2014, Great Southern Bank entered into a purchase and assumption agreement with the FDIC to purchase a substantial portion of the loans and investment securities, as well as certain other assets, and assume all of the deposits, as well as certain other liabilities, of Valley Bank ("Valley"), a full-service bank headquartered in Moline, Illinois, with significant operations in Iowa. This transaction did not include a loss sharing agreement. The acquisition added banking centers in new markets for the Company in eastern Iowa and enhanced our market presence in central Iowa.

In this transaction, the Company acquired assets with a fair value of approximately $378.7 million (approximately 10.0% of the Company's total consolidated assets at acquisition) and assumed liabilities with a fair value of approximately $367.9 million (approximately 9.8% of the Company's total consolidated assets at acquisition). Based upon the acquisition date fair values of the net assets acquired, no goodwill was recorded. The transaction resulted in a one-time gain of $10.8 million, which was included in Noninterest Income in the Company's Consolidated Statement of Income for the year ended December 31, 2014. During 2014, the Company continued to analyze its estimates of the fair values of the assets acquired and liabilities assumed. The Company finalized its analysis of these assets and liabilities without adjustments to the initial fair value estimates. The Bank recorded the fair value of the acquired loans at their estimated fair value of $165.1 million. A premium was recorded in conjunction with the fair value of the acquired loans and the amount amortized to yield during 2015 and 2014 was $794,000 and $501,000, respectively.

Fair Value and Expected Cash Flows

At the time of these acquisitions, the Company determined the fair value of the loan portfolios based on several assumptions. Factors considered in the valuations were projected cash flows for the loans, type of loan and related collateral, classification status, fixed or variable interest rate, term of loan, current discount rates and whether or not the loan was amortizing. Loans were grouped together according to similar characteristics and were treated in the aggregate when applying various valuation techniques. Management also estimated the amount of credit losses that were expected to be realized for the loan portfolios. The discounted cash flow approach was used to value each pool of loans. For non-performing loans, fair value was estimated by calculating the present value of the recoverable cash flows using a discount rate based on comparable corporate bond rates. This valuation of the acquired loans is a significant component leading to the valuation of the loss sharing assets recorded.

The amount of the estimated cash flows expected to be received from the acquired loan pools in excess of the fair values recorded for the loan pools is referred to as the accretable yield. The accretable yield is recognized as interest income over the estimated lives of the loans. The Company continues to evaluate the fair value of the loans including cash flows expected to be collected. Increases in the Company's cash flow expectations are recognized as increases to the accretable yield while decreases are recognized as impairments through the allowance for loan losses. During the years ended December 31, 2015, 2014 and 2013, increases in expected cash flows related to the acquired loan portfolios resulted in adjustments to the accretable yield to be spread over the estimated remaining lives of the loans on a level-yield basis. The increases in expected cash flows also reduced the amount of expected reimbursements under the loss sharing

agreements. This resulted in corresponding adjustments during the years ended December 31, 2015, 2014 and 2013, to the indemnification assets to be amortized on a level-yield basis over the remainder of the loss sharing agreements or the remaining expected lives of the loan pools, whichever is shorter. The amounts of these adjustments were as follows:

	Year Ended December 31,		
	2015	2014	2013
	(In Thousands)		
Increase in accretable yield due to increased cash flow expectations	$ 13,720	$ 31,461	$ 40,947
Decrease in FDIC indemnification asset as a result of accretable yield increase	(5,056)	(23,129)	(32,597)

The adjustments, along with those made in previous years, impacted the Company's Consolidated Statements of Income as follows:

	Year Ended December 31,		
	2015	2014	2013
	(In Thousands)		
Interest income	$ 28,531	$ 34,974	$ 35,211
Noninterest income	(19,534)	(28,740)	(29,451)
Net impact to pre-tax income	$ 8,997	$ 6,234	$ 5,760

On an on-going basis the Company estimates the cash flows expected to be collected from the acquired loan pools. For the loan pools acquired in 2009, the cash flow estimates have increased, beginning with the fourth quarter of 2010, based on payment histories and reduced loss expectations of the loan pools. For the loan pools acquired in 2012 and 2011, the cash flow estimates have increased, beginning in 2012. For the loan pools acquired in 2014, the cash flow estimates have increased, beginning at the end of 2014. This resulted in increased income that was spread on a level-yield basis over the remaining expected lives of the loan pools.

Because these adjustments will be recognized over the remaining lives of the loan pools and the remainder of the loss sharing agreements, respectively, they will impact future periods as well. The remaining accretable yield adjustment that will affect interest income is $12.0 million and the remaining adjustment to the indemnification assets, including the effects of the clawback liability related to Interbank, that will affect non-interest income (expense) is $(8.6) million. Of the remaining adjustments, we expect to recognize $9.1 million of interest income and $(6.0) million of non-interest income (expense) during 2016. Additional adjustments may be recorded in future periods from the FDIC-assisted acquisitions, as the Company continues to estimate expected cash flows from the acquired loan pools.

The loss sharing asset is measured separately from the loan portfolio because it is not contractually embedded in the loans and is not transferable with the loans should the Bank choose to dispose of them. Fair value was estimated using projected cash flows available for loss sharing based on the

credit adjustments estimated for each loan pool (as discussed above) and the loss sharing percentages outlined in the Purchase and Assumption Agreement with the FDIC. These cash flows were discounted to reflect the uncertainty of the timing and receipt of the loss sharing reimbursement from the FDIC. The loss sharing asset is also separately measured from the related foreclosed real estate.

The loss sharing agreement on the InterBank transaction includes a clawback provision whereby if credit loss performance is better than certain pre-established thresholds, then a portion of the monetary benefit is shared with the FDIC. The pre-established threshold for credit losses is $115.7 million for this transaction. The monetary benefit required to be paid to the FDIC under the clawback provision, if any, will occur shortly after the termination of the loss sharing agreement, which in the case of InterBank is 10 years from the acquisition date.

At December 31, 2015, 2014 and 2013, the Bank's internal estimate of credit performance was expected to be better than the threshold set by the FDIC in the loss sharing agreement. Therefore, a separate clawback liability totaling $6.6 million, $6.1 million and $3.7 million was recorded at December 31, 2015, 2014 and 2013, respectively. As changes in the fair values of the loans and foreclosed assets are determined due to changes in expected cash flows, changes in the amount of the clawback liability will occur.

In addition, beginning in the three months ended December 31, 2014, the Company's net interest margin has been impacted by additional yield accretion recognized in conjunction with updated estimates of the fair value of the loan pools acquired in the June 2014 Valley Bank FDIC-assisted transaction. Beginning with the three months ended December 31, 2014, the cash flow estimates have increased for certain of the Valley Bank loan pools primarily based on significant loan repayments and also due to collection of certain loans, thereby reducing loss expectations on certain of the loan pools. This resulted in increased income that was spread on a level-yield basis over the remaining expected lives of these loan pools. The Valley Bank transaction does not include a loss sharing agreement with the FDIC. Therefore, there is no related indemnification asset. The entire amount of the discount adjustment will be accreted to interest income over time with no offsetting impact to non-interest income. The amount of the Valley Bank discount adjustment accreted to interest income for 2015 was $5.7 million, and is included in the impact on net interest income/net interest margin amount in the table above.

TeamBank Loans, Foreclosed Assets and Indemnification Asset

The following tables present the balances of the loans, discount and FDIC indemnification asset related to the TeamBank transaction at December 31, 2015 and 2014. Through December 31, 2015, gross loan balances (due from the borrower) were reduced approximately $407.1 million since the transaction date, because of $274.1 million of repayments by the borrower, $61.7 million of transfers to foreclosed assets and $71.3 million of charge-downs to customer loan balances. Based upon the collectability analyses performed at the time of the acquisition, we expected certain levels of foreclosures and charge-offs and actual results have been better than our expectations. As a result, cash flows expected to be received from the acquired loan pools have increased, resulting in adjustments that were made to the related accretable yield as described above.

	December 31, 2015	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 29,115	$ —
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(1,285)	—
Original estimated fair value of assets, net of activity since acquisition date	(27,660)	—
Expected loss remaining	170	—
Assumed loss sharing recovery percentage	90%	0 %
Expected loss sharing value	154	—
Indemnification asset to be amortized resulting from change in expected losses	241	—
FDIC indemnification asset	$ 395	$ —

	December 31, 2014	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 43,855	$ 132
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(1,923)	—
Original estimated fair value of assets, net of activity since acquisition date	(41,560)	(119)
Expected loss remaining	372	13
Assumed loss sharing recovery percentage	85%	77%
Expected loss sharing value	315	10
Indemnification asset to be amortized resulting from change in expected losses	359	—
FDIC indemnification asset	$ 674	$ 10

Vantus Bank Loans, Foreclosed Assets and Indemnification Asset

The following tables present the balances of the loans, discount and FDIC indemnification asset related to the Vantus Bank transaction at December 31, 2015 and 2014. Through December 31, 2015, gross loan balances (due from the borrower) were reduced approximately $299.7 million since the transaction date, because of $253.8 million of repayments by the borrower, $16.6 million

of transfers to foreclosed assets and $29.3 million of charge-downs to customer loan balances. Based upon the collectability analyses performed at the time of the acquisition, we expected certain levels of foreclosures and charge-offs and actual results have been better than our expectations. As a result, cash flows expected to be received from the acquired loan pools have increased, resulting in adjustments that were made to the related accretable yield as described above.

	December 31, 2015	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 31,818	$ 608
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(470)	—
Original estimated fair value of assets, net of activity since acquisition date	(31,092)	(418)
Expected loss remaining	256	190
Assumed loss sharing recovery percentage	61%	0%
Expected loss sharing value	156	—
Indemnification asset to be amortized resulting from change in expected losses	319	—
FDIC indemnification asset	$ 475	$ —

	December 31, 2014	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 42,138	$ 1,084
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(504)	—
Original estimated fair value of assets, net of activity since acquisition date	(40,997)	(894)
Expected loss remaining	637	190
Assumed loss sharing recovery percentage	72%	0%
Expected loss sharing value	461	—
Indemnification asset to be amortized resulting from change in expected losses	324	—
FDIC indemnification asset	$ 785	$ —

Sun Security Bank Loans, Foreclosed Assets and Indemnification Asset

The following tables present the balances of the loans, discount and FDIC indemnification asset related to the Sun Security Bank transaction at December 31, 2015 and 2014. Through December 31, 2015, gross loan balances (due from the borrower) were reduced approximately $190.6 million since the transaction date, because of $130.8 million of repayments by the borrower, $28.2 million of transfers to foreclosed assets and $31.6 million of charge-downs to customer loan balances. Based upon the collectability analyses performed at the time of the acquisition, we expected certain levels of foreclosures and charge-offs and actual results have been better than our expectations. As a result, cash flows expected to be received from the acquired loan pools have increased, resulting in adjustments that were made to the related accretable yield as described above. Of the $1.3 million expected loss remaining, $259,000 is non-loss share discount.

	December 31, 2015	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 43,855	$ 557
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(2,171)	—
Original estimated fair value of assets, net of activity since acquisition date	(40,349)	(461)
Expected loss remaining	1,335	96
Assumed loss sharing recovery percentage	34%	80%
Expected loss sharing value	456	77
Indemnification asset to be amortized resulting from change in expected losses	1,725	—
Accretable discount on FDIC indemnification asset	(36)	(63)
FDIC indemnification asset	$ 2,145	$ 14

	December 31, 2014	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 59,618	$ 2,325
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(3,341)	—
Original estimated fair value of assets, net of activity since acquisition date	(52,166)	(1,488)
Expected loss remaining	4,111	837
Assumed loss sharing recovery percentage	65%	80%
Expected loss sharing value	2,676	670
Indemnification asset to be amortized resulting from change in expected losses	2,662	—
Accretable discount on FDIC indemnification asset	(267)	(64)
FDIC indemnification asset	$ 5,071	$ 606

InterBank Loans, Foreclosed Assets and Indemnification Asset

The following tables present the balances of the loans, discount and FDIC indemnification asset related to the InterBank transaction at December 31, 2015 and 2014. Through December 31, 2015, gross loan balances (due from the borrower) were reduced approximately $199.7 million since the transaction date, because of $163.9 million of repayments by the borrower, $14.4 million of transfers to foreclosed assets and $21.4 million of charge-offs to customer loan balances. Based upon the collectability analyses performed at the time of the acquisition, we expected certain levels of foreclosures and charge-offs and actual results have been better than our expectations. As a result, cash flows expected to be received from the acquired loan pools have increased, resulting in adjustments that were made to the related accretable yield as described above.

	December 31, 2015	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 193,654	$ 2,110
Noncredit premium/(discount), net of activity since acquisition date	902	—
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(4,901)	—
Original estimated fair value of assets, net of activity since acquisition date	(170,308)	(1,392)
Expected loss remaining	19,347	718
Assumed loss sharing recovery percentage	83%	80%
Expected loss sharing value	16,032	575
FDIC loss share clawback	2,360	—
Indemnification asset to be amortized resulting from change in expected losses	3,920	—
Accretable discount on FDIC indemnification asset	(1,801)	(33)
FDIC indemnification asset	$ 20,511	$ 542

	December 31, 2014	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis for loss sharing determination, net of activity since acquisition date	$ 244,977	$ 4,494
Noncredit premium/(discount), net of activity since acquisition date	1,361	—
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(19,566)	—
Original estimated fair value of assets, net of activity since acquisition date	(201,830)	(3,986)
Expected loss remaining	24,942	508
Assumed loss sharing recovery percentage	82%	80%
Expected loss sharing value	20,509	406
FDIC loss share clawback	3,620	—
Indemnification asset to be amortized resulting from change in expected losses	15,652	—
Accretable discount on FDIC indemnification asset	(2,967)	(33)
FDIC indemnification asset	$ 36,814	$ 373

Valley Bank Loans and Foreclosed Assets

The following tables present the balances of the loans and discount related to the Valley Bank transaction at December 31, 2015 and 2014. Through December 31, 2015, gross loan balances (due from the borrower) were reduced approximately $83.4 million since the transaction date, because of $75.6 million of repayments by the borrower, $1.6 million of transfers to foreclosed assets and $6.2 million of charge-offs to customer loan balances. The Valley Bank transaction did not include a loss sharing agreement; however, the loans were recorded at a discount, which is accreted to yield over the life of the loans. Based upon the collectability analyses performed at the time of the acquisition, we expected certain levels of foreclosures and charge-offs and actual results have been better than our expectations. As a result, cash flows expected to be received from the acquired loan pools have increased, resulting in adjustments that were made to the related accretable yield as described above.

	December 31, 2015	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis, net of activity since acquisition date	$ 109,791	$ 1,017
Noncredit premium/(discount), net of activity since acquisition date	719	—
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(3,213)	—
Original estimated fair value of assets, net of activity since acquisition date	(93,436)	(995)
Expected loss remaining	$ 13,861	$ 22

	December 31, 2014	
	Loans	Foreclosed Assets
	(In Thousands)	
Initial basis, net of activity since acquisition date	$ 145,845	$ 778
Noncredit premium/(discount), net of activity since acquisition date	1,514	—
Reclassification from nonaccretable discount to accretable discount due to change in expected losses (net of accretion to date)	(1,519)	—
Original estimated fair value of assets, net of activity since acquisition date	(121,982)	(778)
Expected loss remaining	$ 23,858	$ —

Changes in the accretable yield for acquired loan pools were as follows for the years ended December 31, 2015, 2014 and 2013:

	TeamBank	Vantus Bank	Sun Security Bank	InterBank	Valley Bank
			(In Thousands)		
Balance, January 1, 2013	$ 12,128	$ 13,538	$ 11,259	$ 42,574	$ —
Accretion	(9,473)	(8,940)	(16,885)	(28,667)	—
Reclassification from nonaccretable difference[1]	4,747	1,127	16,739	26,188	—
Balance, December 31, 2013	7,402	5,725	11,113	40,095	—
Additions	—	—	—	—	22,976
Accretion	(4,138)	(3,835)	(10,590)	(37,994)	(4,788)
Reclassification from nonaccretable difference[1]	3,601	2,563	7,429	33,991	(7,056)
Balance, December 31, 2014	6,865	4,453	7,952	36,092	11,132
Accretion	(3,265)	(2,541)	(5,487)	(28,767)	(10,975)
Reclassification from nonaccretable difference[1]	205	1,448	3,459	9,022	8,159
Balance, December 31, 2015	$ 3,805	$ 3,360	$ 5,924	$ 16,347	$ 8,316

(1) Represents increases in estimated cash flows expected to be received from the acquired loan pools, primarily due to lower estimated credit losses. The numbers also include changes in expected accretion of the loan pools for TeamBank, Vantus Bank, Sun Security Bank, InterBank and Valley Bank for the year ended December 31, 2015, totaling $40,000, $1.1 million, $2.0 million, $4.8 million and $759,000, respectively; for TeamBank, Vantus Bank, Sun Security Bank, InterBank and Valley Bank for the year ended December 31, 2014, totaling $3.2 million, $2.4 million, $3.9 million, $9.2 million and $(9.6 million), respectively; and for TeamBank, Vantus Bank, Sun Security Bank and InterBank for the year ended December 31, 2013, totaling $2.3 million, $611,000, $4.8 million and $146,000, respectively.

Note 5: Other Real Estate Owned

Major classifications of other real estate owned at December 31, 2015 and 2014, were as follows:

	2015	2014
	(In Thousands)	
Foreclosed assets held for sale		
One- to four-family construction	$ —	$ 223
Subdivision construction	7,016	9,857
Land development	12,133	17,168
Commercial construction	—	—
One- to four-family residential	1,375	3,353
Other residential	2,150	2,625
Commercial real estate	3,608	1,632
Commercial business	—	59
Consumer	1,109	624
	27,391	35,541
FDIC-supported foreclosed assets, net of discounts	1,834	5,695
Acquired foreclosed assets no longer covered by FDIC loss sharing agreements, net of discounts	460	879
Acquired foreclosed assets not covered by FDIC loss sharing agreements, net of discounts (Valley Bank)	995	778
Foreclosed assets held for sale, net	30,680	42,893
Other real estate owned not acquired through foreclosure	1,213	2,945
Other real estate owned	$ 31,893	$ 45,838

As of December 31, 2015, other real estate owned not acquired through foreclosure included nine properties, eight of which were branch locations that have been closed and are held for sale, and one of which is land which was acquired for a potential branch location.

During the year ended December 31, 2015, four properties which had previously been part of other real estate owned not acquired through foreclosure were sold at a total net gain of $697,000. The properties sold included three former branch locations, which were sold at a total net gain of $270,000, as well as vacant land which was sold at a gain of $427,000.

At December 31, 2015, residential mortgage loans totaling $2.4 million were in the process of foreclosure, $2.1 million of which were acquired loans. Of the $2.1 million of acquired loans, $1.5 million are covered by loss sharing agreements and $646,000 were acquired in the Valley Bank transaction.

Expenses applicable to other real estate owned for the years ended December 31, 2015, 2014 and 2013, included the following:

	2015	2014	2013
	(In Thousands)		
Net gain on sales of real estate	$ (397)	$ (91)	$ (231)
Valuation write-downs	890	3,343	1,384
Operating expenses, net of rental income	2,033	2,384	2,915
	$ 2,526	$ 5,636	$ 4,068

Note 6: Premises and Equipment

Major classifications of premises and equipment at December 31, 2015 and 2014, stated at cost, were as follows:

	2015	2014
	(In Thousands)	
Land	$ 39,395	$ 35,577
Buildings and improvements	87,333	85,128
Furniture, fixtures and equipment	56,051	50,311
	182,779	171,016
Less accumulated depreciation	53,124	46,175
	$ 129,655	$ 124,841

Note 7: Investments in Limited Partnerships

Investments in Affordable Housing Partnerships

The Company has invested in certain limited partnerships that were formed to develop and operate apartments and single-family houses designed as high-quality affordable housing for lower income tenants throughout Missouri and contiguous states. At December 31, 2015, the Company had thirteen investments, with a net carrying value of $25.1 million. At December 31, 2014, the Company had thirteen investments, with a net carrying value of $29.6 million. Due to the Company's inability to exercise any significant influence over any of the investments in Affordable Housing Partnerships, they all are accounted for using the proportional amortization method. Each of the partnerships must meet the regulatory requirements for affordable housing for a minimum 15-year compliance period to fully utilize the tax credits. If the partnerships cease to qualify during the compliance period, the credits may be denied for any period in which the projects are not in compliance and a portion of the credits previously taken may be subject to recapture with interest.

The remaining federal affordable housing tax credits to be utilized over a maximum of 15 years were $32.7 million as of December 31, 2015, assuming no tax credit recapture events occur and all projects currently under construction are completed as planned. Amortization of the investments in partnerships is expected to be approximately $25.1 million, assuming all projects currently under construction are completed and funded as planned. The Company's usage of federal affordable housing tax credits approximated $6.3 million, $6.0 million and $7.1 million during 2015, 2014 and 2013, respectively. Investment amortization amounted to $4.9 million, $4.7 million and $5.0 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Investments in Community Development Entities

The Company has invested in certain limited partnerships that were formed to develop and operate business and real estate projects located in low-income communities. At December 31, 2015, the Company had four investments, with a net carrying value of $3.5 million. At December 31, 2014, the Company had four investments, with a net carrying value of $5.1 million. Due to the Company's inability to exercise any significant influence over any of the investments in qualified Community Development Entities, they are all accounted for using the cost method. Each of the partnerships provides federal New Market Tax Credits over a seven-year credit allowance period. In each of the first three years, credits totaling five percent of the original investment are allowed on the credit allowance dates and for the final four years, credits totaling six percent of the original investment are allowed on the credit allowance dates. Each of the partnerships must be invested in a qualified Community Development Entity on each of the credit allowance dates during the seven-year period to utilize the tax credits. If the Community Development Entities cease to qualify during the seven-year period, the credits may be denied for any credit allowance date and a portion of the credits previously taken may be subject to recapture with interest. The investments in the Community Development Entities cannot be redeemed before the end of the seven-year period.

The remaining federal New Market Tax Credits to be utilized over a maximum of seven years were $4.7 million as of December 31, 2015. Amortization of the investments in partnerships is expected to be approximately $3.3 million. The Company's usage of federal New Market Tax Credits approximated $2.3 million, $2.3 million and $2.3 million during 2015, 2014 and 2013, respectively. Investment amortization amounted to $1.7 million, $1.7 million and $1.6 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Investments in Limited Partnerships for Federal Rehabilitation/Historic Tax Credits

From time to time, the Company has invested in certain limited partnerships that were formed to provide certain federal rehabilitation/historic tax credits. The Company utilizes these credits in their entirety in the year the project is placed in service and the impact to the Consolidated Statements of Income has not been material.

Investments in Limited Partnerships for State Tax Credits

From time to time, the Company has invested in certain limited partnerships that were formed to provide certain state tax credits. The Company has primarily syndicated these tax credits and the impact to the Consolidated Statements of Income has not been material.

Note 8: Deposits

Deposits at December 31, 2015 and 2014, are summarized as follows:

	Weighted Average Interest Rate	2015	2014
		(In Thousands, Except Interest Rates)	
Noninterest-bearing accounts	—	$ 571,629	$ 518,266
Interest-bearing checking and savings accounts	0.24% - 0.19%	1,408,850	1,375,100
		1,980,479	1,893,366
Certificate accounts	0% - 0.99%	863,865	798,932
	1% - 1.99%	381,956	227,476
	2% - 2.99%	39,592	61,146
	3% - 3.99%	1,137	8,065
	4% - 4.99%	1,304	1,435
	5% and above	293	420
		1,288,147	1,097,474
		$ 3,268,626	$ 2,990,840

The weighted average interest rate on certificates of deposit was 0.85% and 0.78% at December 31, 2015 and 2014, respectively.

The aggregate amount of certificates of deposit originated by the Bank in denominations greater than $100,000 was approximately $493.6 million and $402.0 million at December 31, 2015 and 2014, respectively. The Bank utilizes brokered deposits as an additional funding source. The aggregate amount of brokered deposits was approximately $283.7 million and $173.5 million at December 31, 2015 and 2014, respectively.

At December 31, 2015, scheduled maturities of certificates of deposit were as follows:

	Retail	Brokered	Total
		(In Thousands)	
2016	$ 727,380	$ 202,089	$ 929,469
2017	186,133	79,267	265,400
2018	57,968	2,392	60,360
2019	12,536	—	12,536
2020	15,644	—	15,644
Thereafter	4,738	—	4,738
	$ 1,004,399	$ 283,748	$ 1,288,147

A summary of interest expense on deposits for the years ended December 31, 2015, 2014 and 2013, is as follows:

	2015	2014	2013
	(In Thousands)		
Checking and savings accounts	$ 2,858	$ 3,088	$ 3,551
Certificate accounts	10,739	8,264	8,871
Early withdrawal penalties	(86)	(127)	(76)
	$ 13,511	$ 11,225	$ 12,346

Note 9: Advances From Federal Home Loan Bank

Advances from the Federal Home Loan Bank at December 31, 2015 and 2014, consisted of the following:

	December 31, 2015		December 31, 2014	
Due In	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
	(In Thousands)			
2015	$ —	—%	$ 240,065	0.41%
2016	232,071	0.42	70	5.14
2017	30,826	3.26	30,826	3.26
2018	81	5.14	81	5.14
2019	28	5.14	28	5.14
2020	—	—	—	—
2021 and thereafter	500	5.54	500	5.54
	263,506	0.76	271,570	0.75
Unamortized fair value adjustment	40		71	
	$ 263,546		$ 271,641	

Also included in the Bank's FHLB advances at December 31, 2015 and December 31, 2014, was a $30.0 million advance with a maturity date of November 24, 2017. The interest rate on this advance is 3.20%. The advance has a call provision that allows the Federal Home Loan Bank of Des Moines to call the advance quarterly.

In June 2014 the Company prepaid a total of $80 million of its Federal Home Loan Bank advances and $50 million of structured repurchase agreements (see *Note 12*) as part of a strategy to utilize the Bank's liquidity and improve net interest margin. As a result, the Company incurred one-time

prepayment penalties totaling $7.4 million, which were included in other operating expenses in 2014.

The Bank has pledged FHLB stock, investment securities and first mortgage loans free of pledges, liens and encumbrances as collateral for outstanding advances. No investment securities were specifically pledged as collateral for advances at December 31, 2015 and 2014. Loans with carrying values of approximately $1.21 billion and $1.10 billion were pledged as collateral for outstanding advances at December 31, 2015 and 2014, respectively. The Bank had potentially available $505.5 million remaining on its line of credit under a borrowing arrangement with the FHLB of Des Moines at December 31, 2015.

Note 10: Short-Term Borrowings

Short-term borrowings at December 31, 2015 and 2014, are summarized as follows:

	2015	2014
	(In Thousands)	
Notes payable – Community Development Equity Funds	$ 1,295	$ 1,451
Overnight borrowings from the Federal Home Loan Bank	—	41,000
Securities sold under reverse repurchase agreements	116,182	168,993
	$ 117,477	$ 211,444

The Bank enters into sales of securities under agreements to repurchase (reverse repurchase agreements). Reverse repurchase agreements are treated as financings, and the obligations to repurchase securities sold are reflected as a liability in the statements of financial condition. The dollar amount of securities underlying the agreements remains in the asset accounts. Securities underlying the agreements are being held by the Bank during the agreement period. All agreements are written on a term of one-month or less.

Short-term borrowings had weighted average interest rates of 0.04% and 0.08% at December 31, 2015 and 2014, respectively. Short-term borrowings averaged approximately $192.1 million and $165.2 million for the years ended December 31, 2015 and 2014, respectively. The maximum amounts outstanding at any month end were $219.5 million and $211.4 million, respectively, during those same periods.

The following table represents the Company's securities sold under reverse repurchase agreements, by collateral type and remaining contractual maturity at December 31, 2015 and 2014:

	2015	2014
	Overnight and Continuous	Overnight and Continuous
	(In Thousands)	
FHLBank CD	$ —	$ 10,000
Mortgage-backed securities – GNMA, FNMA, FHLMC	116,182	158,993
	$ 116,182	$ 168,993

Note 11: Federal Reserve Bank Borrowings

At December 31, 2015 and 2014, the Bank had $633.7 million and $563.2 million, respectively, available under a line-of-credit borrowing arrangement with the Federal Reserve Bank. The line is secured primarily by commercial loans. There were no amounts borrowed under this arrangement at December 31, 2015 or 2014.

Note 12: Structured Repurchase Agreements

In September 2008, the Company entered into a structured repurchase borrowing transaction for $50 million. This borrowing bore interest at a fixed rate of 4.34%, was scheduled to mature September 15, 2015, and had a call provision that allowed the repurchase counterparty to call the borrowing quarterly. The Company pledged investment securities to collateralize this borrowing.

In June 2014, the Company elected to repay this structured repurchase borrowing and incurred a one-time prepayment penalty (see *Note 9*).

Note 13: Subordinated Debentures Issued to Capital Trusts

In November 2006, Great Southern Capital Trust II (Trust II), a statutory trust formed by the Company for the purpose of issuing the securities, issued a $25.0 million aggregate liquidation amount of floating rate cumulative trust preferred securities. The Trust II securities bear a floating distribution rate equal to 90-day LIBOR plus 1.60%. The Trust II securities are redeemable at the Company's option beginning in February 2012, and if not sooner redeemed, mature on February 1, 2037. The Trust II securities were sold in a private transaction exempt from registration under the Securities Act of 1933, as amended. The gross proceeds of the offering were used to purchase Junior Subordinated Debentures from the Company totaling $25.8 million and bearing an interest rate identical to the distribution rate on the Trust II securities. The initial interest rate on the Trust II debentures was 6.98%. The interest rate was 1.93% and 1.83% at December 31, 2015 and 2014, respectively.

In July 2007, Great Southern Capital Trust III (Trust III), a statutory trust formed by the Company for the purpose of issuing the securities, issued a $5.0 million aggregate liquidation amount of floating rate cumulative trust preferred securities. The Trust III securities bore a floating distribution rate equal to 90-day LIBOR plus 1.40%. The Trust III securities were redeemable at the Company's option beginning October 2012, and if not sooner redeemed, matured on October 1, 2037. The Trust III securities were sold in a private transaction exempt from registration under the Securities Act of 1933, as amended. The gross proceeds of the offering were used to purchase Junior Subordinated Debentures from the Company totaling $5.2 million and bearing an interest rate identical to the distribution rate on the Trust III securities. The initial interest rate on the Trust III debentures was 6.76%. The interest rate was 1.64% at December 31, 2014.

In July 2015, the Company was the successful bidder in an auction of the $5.0 million aggregate liquidation amount of floating rate cumulative trust preferred securities issued in 2007 by Great Southern Capital Trust III. The Company purchased the trust preferred securities at a discount, which resulted in a pre-tax gain of approximately $1.1 million. Subsequent to the purchase, which resulted in the Company's ownership of all of the outstanding common and preferred securities of Great Southern Capital Trust III, such securities were canceled and the principal amount of the Company's related debentures, which had equaled the aggregate liquidation amount of the outstanding common and preferred securities of Great Southern Capital Trust III, was reduced to zero.

At December 31, 2015 and 2014, subordinated debentures issued to capital trusts are summarized as follows:

	2015	2014
	(In Thousands)	
Subordinated debentures	$ 25,774	$ 30,929

Note 14: Income Taxes

The Company files a consolidated federal income tax return. As of December 31, 2015 and 2014, retained earnings included approximately $17.5 million for which no deferred income tax liability had been recognized. This amount represents an allocation of income to bad debt deductions for tax purposes only for tax years prior to 1988. If the Bank were to liquidate, the entire amount would have to be recaptured and would create income for tax purposes only, which would be subject to the then-current corporate income tax rate. The unrecorded deferred income tax liability on the above amount was approximately $6.5 million at December 31, 2015 and 2014.

During the years ended December 31, 2015, 2014 and 2013, the provision for income taxes included these components:

	2015	2014	2013
		(In Thousands)	
Taxes currently payable	$ 20,234	$ 20,013	$ 17,013
Deferred income taxes	(4,670)	(6,260)	(8,839)
Income taxes	$ 15,564	$ 13,753	$ 8,174

The tax effects of temporary differences related to deferred taxes shown on the statements of financial condition were:

	December 31, 2015	December 31, 2014
	(In Thousands)	
Deferred tax assets		
Allowance for loan losses	$ 13,848	$ 13,452
Interest on nonperforming loans	259	317
Accrued expenses	1,302	1,527
Write-down of foreclosed assets	4,056	3,970
Write-down of fixed assets	417	—
Other	—	350
	19,882	19,616
Deferred tax liabilities		
Tax depreciation in excess of book depreciation	(6,483)	(6,443)
FHLB stock dividends	(1,549)	(1,494)
Partnership tax credits	(1,991)	(2,176)
Prepaid expenses	(515)	(508)
Unrealized gain on available-for-sale securities	(3,369)	(3,895)
Difference in basis for acquired assets and liabilities	(435)	(4,738)
Other	(185)	(236)
	(14,527)	(19,490)
Net deferred tax asset	$ 5,355	$ 126

Reconciliations of the Company's effective tax rates from continuing operations to the statutory corporate tax rates were as follows:

	2015	2014	2013
Tax at statutory rate	35.0%	35.0%	35.0%
Nontaxable interest and dividends	(2.4)	(3.0)	(4.6)
Tax credits	(8.1)	(9.5)	(12.5)
State taxes	1.4	1.5	1.6
Other	(0.8)	—	—
	25.1%	24.0%	19.5%

The Company and its consolidated subsidiaries have not been audited recently by the Internal Revenue Service (IRS) or the State of Missouri with respect to income or franchise tax returns and, as such, tax years through December 31, 2005, have been closed without audit. The Company, through one of its subsidiaries, is a partner in two partnerships currently under Internal Revenue Service examination for 2006 and 2007. As a result, the Company's 2006 and subsequent tax years remain open for examination. The examinations of the partnerships have been advanced during 2015. One of the partnerships has advanced to Tax Court because a settlement was not reached at the IRS appeals level. The Company believes the partnership has a strong case and intends to defend its existing positions in Tax Court. The other partnership is at the IRS appeals level. The Company does not currently expect significant adjustments to its financial statements from these partnership examinations.

The Company is currently in administrative appeals with the State of Kansas for its 2010 through 2012 tax years. The Company protested the state's initial assessment and expects to have an informal conference with the Kansas Department of Revenue. The Company does not currently expect significant adjustments to its financial statements from this state examination.

Note 15: Disclosures About Fair Value of Financial Instruments

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Quoted prices in active markets for identical assets or liabilities (Level 1): Inputs that are quoted unadjusted prices in active markets for identical assets that the Company has the ability to access at the measurement date. An active market for the asset is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

- Other observable inputs (Level 2): Inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources

independent of the reporting entity including quoted prices for similar assets, quoted prices for securities in inactive markets and inputs derived principally from or corroborated by observable market data by correlation or other means.

- Significant unobservable inputs (Level 3): Inputs that reflect assumptions of a source independent of the reporting entity or the reporting entity's own assumptions that are supported by little or no market activity or observable inputs.

Financial instruments are broken down as follows by recurring or nonrecurring measurement status. Recurring assets are initially measured at fair value and are required to be remeasured at fair value in the financial statements at each reporting date. Assets measured on a nonrecurring basis are assets that, due to an event or circumstance, were required to be remeasured at fair value after initial recognition in the financial statements at some time during the reporting period.

The Company considers transfers between the levels of the hierarchy to be recognized at the end of related reporting periods. From December 31, 2014 to December 31, 2015, the interest rate derivative asset and the interest rate derivative liability were transferred from Level 3 to Level 2 of the hierarchy. The core valuation of these derivative assets and liabilities, including termination or settlement value, are derived from observable market rates and are considered Level 2. Only the credit valuation adjustment of these derivative assets and liabilities is considered Level 3 based on its inputs, and that portion is immaterial to the overall value of the derivatives.

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2015 and 2014:

	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In Thousands)			
December 31, 2015				
U.S. government agencies	$ 19,781	$ —	$ 19,781	$ —
Mortgage-backed securities	161,214	—	161,214	—
States and political subdivisions	78,031	—	78,031	—
Other securities	3,830	—	—	—
Interest rate derivative asset	2,711	—	2,711	—
Interest rate derivative liability	(2,725)	—	(2,725)	—
December 31, 2014				
U.S. government agencies	$ 19,514	$ —	$ 19,514	$ —
Mortgage-backed securities	257,798	—	257,798	—
States and political subdivisions	85,040	—	85,040	—
Other securities	3,154	—	—	—
Interest rate derivative asset	2,502	—	—	2,502
Interest rate derivative liability	(2,187)	—	—	(2,187)

The following is a description of inputs and valuation methodologies used for assets recorded at fair value on a recurring basis and recognized in the accompanying statements of financial condition at December 31, 2015 and 2014, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2015. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Available-for-Sale Securities

Investment securities available for sale are recorded at fair value on a recurring basis. The fair values used by the Company are obtained from an independent pricing service, which represent either quoted market prices for the identical asset or fair values determined by pricing models, or other model-based valuation techniques, that consider observable market data, such as interest rate volatilities, LIBOR yield curve, credit spreads and prices from market makers and live trading systems. Recurring Level 1 securities include exchange traded equity securities. Recurring Level 2 securities include U.S. government agency securities, mortgage-backed securities, state and municipal bonds and certain other investments. Inputs used for valuing Level 2 securities include observable data that may include dealer quotes, benchmark yields, market spreads, live trading levels and market consensus prepayment speeds, among other things. Additional inputs include indicative values derived from the independent pricing service's proprietary computerized models. There were no Recurring Level 3 securities at both December 31, 2015 and 2014.

Interest Rate Derivatives

The fair value is estimated using forward-looking interest rate curves and is determined using observable market rates and, therefore, are classified within Level 2 of the valuation hierarchy.

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial condition using significant unobservable (Level 3) inputs.

	Interest Rate Derivative Asset
	(In Thousands)
Balance, January 1, 2014	$ 1,859
Net change in fair value	228
Balance, December 31, 2014	2,087
Net change in fair value	496
Transfer to level 2	(2,583)
Balance, December 31, 2015	$ —

	Interest Rate Cap Derivative Asset Designated as Hedging Instrument
	(In Thousands)
Balance, January 1, 2014	$ 685
Net change in fair value	(270)
Balance, December 31, 2014	415
Net change in fair value	(287)
Transfer to level 2	(128)
Balance, December 31, 2015	$ —

	Interest Rate Derivative Liability
	(In Thousands)
Balance, January 1, 2014	$ 1,613
Net change in fair value	574
Balance, December 31, 2014	2,187
Net change in fair value	538
Transfer to level 2	(2,725)
Balance, December 31, 2015	$ —

Nonrecurring Measurements

The following tables present the fair value measurement of assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2015 and 2014:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In Thousands)			
December 31, 2015				
Impaired loans	$ 13,896	$ —	$ —	$ 13,896
Foreclosed assets held for sale	$ 1,722	$ —	$ —	$ 1,722
December 31, 2014				
Impaired loans	$ 11,658	$ —	$ —	$ 11,658
Foreclosed assets held for sale	$ 6,975	$ —	$ —	$ 6,975

Following is a description of the valuation methodologies used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying statements of financial condition, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Loans Held for Sale

Mortgage loans held for sale are recorded at the lower of carrying value or fair value. The fair value of mortgage loans held for sale is based on what secondary markets are currently offering for portfolios with similar characteristics. As such, the Company classifies mortgage loans held for sale as Nonrecurring Level 2. Write-downs to fair value typically do not occur as the Company generally enters into commitments to sell individual mortgage loans at the time the loan is originated to reduce market risk. The Company typically does not have commercial loans held for sale. At December 31, 2015 and 2014, the aggregate fair value of mortgage loans held for sale exceeded their cost. Accordingly, no mortgage loans held for sale were marked down and reported at fair value.

Impaired Loans

A loan is considered to be impaired when it is probable that all of the principal and interest due may not be collected according to its contractual terms. Generally, when a loan is considered impaired, the amount of reserve required under FASB ASC 310, *Receivables*, is measured based on the fair value of the underlying collateral. The Company makes such measurements on all material loans deemed impaired using the fair value of the collateral for collateral dependent loans. The fair value of collateral used by the Company is determined by obtaining an observable market price or by obtaining an appraised value from an independent, licensed or certified appraiser, using observable market data. This data includes information such as selling price of similar properties and capitalization rates of similar properties sold within the market, expected future cash flows or earnings of the subject property based on current market expectations, and other relevant factors. All appraised values are adjusted for market-related trends based on the Company's experience in sales and other appraisals of similar property types as well as estimated selling costs. Each quarter management reviews all collateral dependent impaired loans on a loan-by-loan basis to determine whether updated appraisals are necessary based on loan performance, collateral type and guarantor support. At times, the Company measures the fair value of collateral dependent impaired loans using appraisals with dates prior to one year from the date of review. These appraisals are discounted by applying current, observable market data about similar property types such as sales contracts, estimations of value by individuals familiar with the market, other appraisals, sales or collateral assessments based on current market activity until updated appraisals are obtained. Depending on the length of time since an appraisal was performed and the data provided through our reviews, these appraisals are typically discounted 10-40%. The policy described above is the same for all types of collateral dependent impaired loans.

The Company records impaired loans as Nonrecurring Level 3. If a loan's fair value as estimated by the Company is less than its carrying value, the Company either records a charge-off for the portion of the loan that exceeds the fair value or establishes a reserve within the allowance for loan losses specific to the loan. Loans for which such charge-offs or reserves were recorded during the years ended December 31, 2015 and 2014, are shown in the table above (net of reserves).

Foreclosed Assets Held for Sale

Foreclosed assets held for sale are initially recorded at fair value less estimated cost to sell at the date of foreclosure. Subsequent to foreclosure, valuations are periodically performed by

management and the assets are carried at the lower of carrying amount or fair value less estimated cost to sell. Foreclosed assets held for sale are classified within Level 3 of the fair value hierarchy. The foreclosed assets represented in the table above have been re-measured during the years ended December 31, 2015 and 2014, subsequent to their initial transfer to foreclosed assets.

The following disclosure relates to financial assets for which it is not practicable for the Company to estimate the fair value at December 31, 2015 and 2014.

FDIC Indemnification Asset

As part of certain Purchase and Assumption Agreements, the Bank and the FDIC entered into loss sharing agreements. These agreements cover realized losses on loans and foreclosed real estate subject to certain limitations which are more fully described in *Note 4*.

Under the TeamBank agreement, the FDIC agreed to reimburse the Bank for 80% of the first $115 million in realized losses and 95% for realized losses that exceed $115 million. The indemnification asset was originally recorded at fair value on the acquisition date (March 20, 2009) and at December 31, 2015 and 2014, the carrying value was $395,000 and $684,000, respectively.

Under the Vantus Bank agreement, the FDIC agreed to reimburse the Bank for 80% of the first $102 million in realized losses and 95% for realized losses that exceed $102 million. The indemnification asset was originally recorded at fair value on the acquisition date (September 4, 2009) and at December 31, 2015 and 2014, the carrying value of the FDIC indemnification asset was $475,000 and $785,000, respectively.

Under the Sun Security Bank agreement, the FDIC agreed to reimburse the Bank for 80% of realized losses. The indemnification asset was originally recorded at fair value on the acquisition date (October 7, 2011) and at December 31, 2015 and 2014, the carrying value of the FDIC indemnification asset was $2.2 million and $5.7 million, respectively.

Under the InterBank agreement, the FDIC agreed to reimburse the Bank for 80% of realized losses. The indemnification asset was originally recorded at fair value on the acquisition date (April 27, 2012) and at December 31, 2015 and 2014, the carrying value of the FDIC indemnification asset was $21.1 million and $37.2 million, respectively.

From the dates of acquisition, each of the four agreements extends ten years for 1-4 family real estate loans and five years for other loans. The five-year agreements for Team Bank and Vantus Bank ended prior to December 31, 2015. The loss sharing assets are measured separately from the loan portfolios because they are not contractually embedded in the loans and are not transferable with the loans should the Bank choose to dispose of them. Fair values on the acquisition dates were estimated using projected cash flows available for loss sharing based on the credit adjustments estimated for each loan pool and the loss sharing percentages. These cash flows were discounted to reflect the uncertainty of the timing and receipt of the loss sharing reimbursements from the FDIC. The loss sharing assets are also separately measured from the related foreclosed real estate. Although the assets are contractual receivables from the FDIC, they do not have effective interest rates. The Bank will collect the assets over the next several years. The amount ultimately collected will depend on the timing and amount of collections and charge-offs on the acquired assets covered by the loss sharing agreements. While the assets were recorded at their estimated fair values on the

acquisition dates, it is not practicable to complete fair value analyses on a quarterly or annual basis. Estimating the fair value of the FDIC indemnification asset would involve preparing fair value analyses of the entire portfolios of loans and foreclosed assets covered by the loss sharing agreements from all of these acquisitions on a quarterly or annual basis.

Fair Value of Financial Instruments

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying statements of financial condition at amounts other than fair value.

Cash and Cash Equivalents and Federal Home Loan Bank Stock

The carrying amount approximates fair value.

Loans and Interest Receivable

The fair value of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. Loans with similar characteristics are aggregated for purposes of the calculations. The carrying amount of accrued interest receivable approximates its fair value.

Deposits and Accrued Interest Payable

The fair value of demand deposits and savings accounts is the amount payable on demand at the reporting date, *i.e.*, their carrying amounts. The fair value of fixed maturity certificates of deposit is estimated using a discounted cash flow calculation that applies the rates currently offered for deposits of similar remaining maturities. The carrying amount of accrued interest payable approximates its fair value.

Federal Home Loan Bank Advances

Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate fair value of existing advances.

Short-Term Borrowings

The carrying amount approximates fair value.

Subordinated Debentures Issued to Capital Trusts

The subordinated debentures have floating rates that reset quarterly. The carrying amount of these debentures approximates their fair value.

Commitments to Originate Loans, Letters of Credit and Lines of Credit

The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reporting date.

The following table presents estimated fair values of the Company's financial instruments. The fair values of certain of these instruments were calculated by discounting expected cash flows, which method involves significant judgments by management and uncertainties. Fair value is the estimated amount at which financial assets or liabilities could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Because no market exists for certain of these financial instruments and because management does not intend to sell these financial instruments, the Company does not know whether the fair values shown below represent values at which the respective financial instruments could be sold individually or in the aggregate.

	December 31, 2015			December 31, 2014		
	Carrying Amount	Fair Value	Hierarchy Level	Carrying Amount	Fair Value	Hierarchy Level
Financial assets						
Cash and cash equivalents	$ 199,183	$ 199,183	1	$ 218,647	$ 218,647	1
Held-to-maturity securities	353	384	2	450	499	2
Mortgage loans held for sale	12,261	12,261	2	14,579	14,579	2
Loans, net of allowance for loan losses	3,340,536	3,355,924	3	3,038,848	3,047,741	3
Accrued interest receivable	10,930	10,930	3	11,219	11,219	3
Investment in FHLB stock	15,303	15,303	3	16,893	16,893	3
Financial liabilities						
Deposits	3,268,626	3,271,318	3	2,990,840	2,996,226	3
FHLB advances	263,546	264,331	3	271,641	273,568	3
Short-term borrowings	117,477	117,477	3	211,444	211,444	3
Subordinated debentures	25,774	25,774	3	30,929	30,929	3
Accrued interest payable	1,080	1,080	3	1,067	1,067	3
Unrecognized financial instruments (net of contractual value)						
Commitments to originate loans	—	—	3	—	—	3
Letters of credit	145	145	3	92	92	3
Lines of credit	—	—	3	—	—	3

Note 16: Operating Leases

The Company has entered into various operating leases at several of its locations. Some of the leases have renewal options.

At December 31, 2015, future minimum lease payments were as follows (in thousands):

2016	$ 936
2017	786
2018	582
2019	415
2020	317
Thereafter	215
	$ 3,251

Rental expense was $1.2 million, $1.1 million and $1.0 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Note 17: Derivatives and Hedging Activities

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity and credit risk, primarily by managing the amount, sources and duration of its assets and liabilities. In the normal course of business, the Company may use derivative financial instruments (primarily interest rate swaps) from time to time to assist in its interest rate risk management. The Company has interest rate derivatives that result from a service provided to certain qualifying loan customers that are not used to manage interest rate risk in the Company's assets or liabilities and are not designated in a qualifying hedging relationship. The Company manages a matched book with respect to its derivative instruments in order to minimize its net risk exposure resulting from such transactions. In addition, the Company has interest rate derivatives that are designated in a qualified hedging relationship.

Nondesignated Hedges

The Company has interest rate swaps that are not designated in a qualifying hedging relationship. Derivatives not designated as hedges are not speculative and result from a service the Company provides to certain loan customers, which the Company began offering during 2011. The Company executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting interest rate swaps that the Company executes with a third party, such that the Company

minimizes its net risk exposure resulting from such transactions. As the interest rate swaps associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer swaps and the offsetting swaps are recognized directly in earnings.

As part of the Valley Bank FDIC-assisted acquisition, the Company acquired seven loans with related interest rate swaps. Valley's swap program differed from the Company's in that Valley did not have back to back swaps with the customer and a counterparty. Two of the seven acquired loans with interest rate swaps have paid off. The notional amount of the five remaining Valley swaps is $3.9 million at December 31, 2015. As of December 31, 2015, the Company had 28 interest rate swaps totaling $123.0 million in notional amount with commercial customers, and 28 interest rate swaps with the same notional amount with third parties related to its program. As of December 31, 2014, the Company had 28 interest rate swaps totaling $125.1 million in notional amount with commercial customers, and 28 interest rate swaps with the same notional amount with third parties related to its program. During the years ended December 31, 2015 and 2014, the Company recognized net losses of $43,000 and $345,000, respectively, in noninterest income related to changes in the fair value of these swaps.

Cash Flow Hedges

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the Company entered into two interest rate cap agreements for a portion of its floating rate debt associated with its trust preferred securities. One agreement, with a notional amount of $25 million, states that the Company will pay interest on its trust preferred debt in accordance with the original debt terms at a rate of 3-month LIBOR + 1.60%. Should interest rates rise above a certain threshold, the counterparty will reimburse the Company for interest paid such that the Company will have an effective interest rate on that portion of its trust preferred securities no higher than 2.37%. The agreement became effective on August 1, 2013 and has a term of four years. The other agreement, with a notional amount of $5 million, was terminated when the Company purchased the related trust preferred securities in July 2015. See *Note 13* for more information on the trust preferred securities transaction. The terminated agreement stated that the Company paid interest on its trust preferred debt in accordance with the original debt terms at a rate of 3-month LIBOR + 1.40%. Should interest rates have risen above a certain threshold, the counterparty would reimburse the Company for interest paid such that the Company would have an effective interest rate on that portion of its trust preferred securities no higher than 2.17%.

The effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. During the years ended December 31, 2015 and 2014, the Company recognized $-0- in noninterest income related to changes in the fair value of these derivatives. During the years ended December 31, 2015 and 2014, the Company recognized $187,000 and $19,000, respectively, in interest expense related to the amortization of the cost of these interest rate caps. During the year ended December 31, 2015, one of the agreements was terminated as noted above. As part of this termination, the remaining cost of the cash flow hedge, $95,000, was recognized as interest expense in 2015 (included in the $187,000 discussed here).

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Consolidated Statements of Financial Condition:

	Location in Consolidated Statements of Financial Condition	Fair Value December 31, 2015	Fair Value December 31, 2014
		(In Thousands)	
Derivatives designated as hedging instruments			
Interest rate caps	Prepaid expenses and other assets	$ 128	$ 415
Total derivatives designated as hedging instruments		$ 128	$ 415
Derivatives not designated as hedging instruments			
Asset Derivatives			
Derivatives not designated as hedging instruments			
Interest rate products	Prepaid expenses and other assets	$ 2,583	$ 2,087
Total derivatives not designated as hedging instruments		$ 2,583	$ 2,087
Liability Derivatives			
Derivatives not designated as hedging instruments			
Interest rate products	Accrued expenses and other liabilities	$ 2,725	$ 2,187
Total derivatives not designated as hedging instruments		$ 2,725	$ 2,187

The following tables present the effect of derivative instruments on the statements of comprehensive income:

Cash Flow Hedges	2015	Year Ended December 31 Amount of Gain (Loss) Recognized in AOCI 2014	2013
		(In Thousands)	
Interest rate cap, net of income taxes	$ (50)	$ (164)	$ (34)

Agreements with Derivative Counterparties

The Company has agreements with its derivative counterparties. If the Company defaults on any of its indebtedness, including a default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. If the Bank fails to maintain its status as a well-capitalized institution, then the counterparty could terminate the derivative positions and the Company would be required to settle its obligations under the agreements. Similarly, the Company could be required to settle its obligations under certain of its agreements if certain regulatory events occurred, such as the issuance of a formal directive, or if the Company's credit rating is downgraded below a specified level.

As of December 31, 2015, the termination value of derivatives in a net liability position, which included accrued interest but excluded any adjustment for nonperformance risk, related to these agreements was $2.8 million. The Company has minimum collateral posting thresholds with its derivative counterparties. At December 31, 2015, the Company's activity with its derivative counterparties had met the level at which the minimum collateral posting thresholds take effect and the Company had posted $4.5 million of collateral to satisfy the agreement. As of December 31, 2014, the termination value of derivatives in a net liability position, which included accrued interest but excluded any adjustment for nonperformance risk, related to these agreements was $2.1 million. At December 31, 2014, the Company's activity with its derivative counterparties had met the level at which the minimum collateral posting thresholds take effect and the Company had posted $3.1 million of collateral to satisfy the agreement. If the Company had breached any of these provisions at December 31, 2015 and 2014, it could have been required to settle its obligations under the agreements at the termination value.

Note 18: Commitments and Credit Risk

Commitments to Originate Loans

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since a significant portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property and equipment, commercial real estate and residential real estate.

At December 31, 2015 and 2014, the Bank had outstanding commitments to originate loans and fund commercial construction loans aggregating approximately $120.8 million and $130.0 million, respectively. The commitments extend over varying periods of time with the majority being disbursed within a 30- to 180-day period.

Mortgage loans in the process of origination represent amounts that the Bank plans to fund within a normal period of 60 to 90 days, many of which are intended for sale to investors in the secondary market. Total mortgage loans in the process of origination amounted to approximately $13.4 million and $12.7 million at December 31, 2015 and 2014, respectively.

Letters of Credit

Standby letters of credit are irrevocable conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Financial standby letters of credit are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing and similar transactions. Performance standby letters of credit are issued to guarantee performance of certain customers under nonfinancial contractual obligations. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loans to customers. Fees for letters of credit issued are initially recorded by the Bank as deferred revenue and are included in earnings at the termination of the respective agreements. Should the Bank be obligated to perform under the standby letters of credit, the Bank may seek recourse from the customer for reimbursement of amounts paid.

The Company had total outstanding standby letters of credit amounting to approximately $32.1 million and $24.2 million at December 31, 2015 and 2014, respectively, with $29.5 million and $21.7 million, respectively, of the letters of credit having terms up to five years and $2.6 million and $3.5 million, respectively, of the letters of credit having terms over five years. Of the amount having terms over five years, $1.7 million and $2.5 million at December 31, 2015 and 2014, respectively, consisted of an outstanding letter of credit to guarantee the payment of principal and interest on a Multifamily Housing Refunding Revenue Bond Issue.

Purchased Letters of Credit

The Company has purchased letters of credit from the Federal Home Loan Bank as security for certain public deposits. The amount of the letters of credit was $2.1 million and $2.5 million at December 31, 2015 and 2014, respectively, and they expire in less than one year from issuance.

Lines of Credit

Lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Lines of credit generally have fixed expiration dates. Since a portion of the line may expire without being drawn upon, the total unused lines do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property and equipment, commercial real estate and residential real estate. The Bank uses the same credit policies in granting lines of credit as it does for on-balance-sheet instruments.

At December 31, 2015, the Bank had granted unused lines of credit to borrowers aggregating approximately $485.9 million and $105.4 million for commercial lines and open-end consumer lines, respectively. At December 31, 2014, the Bank had granted unused lines of credit to

borrowers aggregating approximately $386.4 million and $92.3 million for commercial lines and open-end consumer lines, respectively.

Credit Risk

The Bank grants collateralized commercial, real estate and consumer loans primarily to customers in its market areas. Although the Bank has a diversified portfolio, loans (excluding those covered by loss sharing agreements) aggregating approximately $555.7 million and $524.7 million at December 31, 2015 and 2014, respectively, are secured primarily by apartments, condominiums, residential and commercial land developments, industrial revenue bonds and other types of commercial properties in the St. Louis, Missouri, area.

Note 19: Additional Cash Flow Information

	2015	2014	2013
	(In Thousands)		
Noncash Investing and Financing Activities			
Real estate acquired in settlement of loans	$12,185	$19,975	$45,941
Sale and financing of foreclosed assets	3,316	1,805	11,303
Conversion of premises and equipment to foreclosed assets	—	202	2,111
Dividends declared but not paid	3,055	2,896	2,606
Additional Cash Payment Information			
Interest paid	15,984	15,833	19,426
Income taxes paid	13,096	8,510	17,351

Note 20: Employee Benefits

The Company participates in the Pentegra Defined Benefit Plan for Financial Institutions (Pentegra DB Plan), a multiemployer defined benefit pension plan covering all employees who have met minimum service requirements. Effective July 1, 2006, this plan was closed to new participants. Employees already in the plan continue to accrue benefits. The Pentegra DB Plan's Employer Identification Number is 13-5645888 and the Plan Number is 333. The Company's policy is to fund pension cost accrued. Employer contributions charged to expense for this plan for the years ended December 31, 2015, 2014 and 2013, were approximately $742,000, $731,000 and $744,000, respectively. The Company's contributions to the Pentegra DB Plan were not more than 5% of the total contributions to the plan. The funded status of the plan as of July 1, 2015 and 2014, was 101.58% and 108.86%, respectively. The funded status was calculated by taking the market value of plan assets, which reflected contributions received through June 30, 2015 and 2014, respectively, divided by the funding target. No collective bargaining agreements are in place that require contributions to the Pentegra DB Plan.

The Company has a defined contribution retirement plan covering substantially all employees. The Company matches 100% of the employee's contribution on the first 3% of the employee's

compensation and also matches an additional 50% of the employee's contribution on the next 2% of the employee's compensation. Employer contributions charged to expense for this plan for the years ended December 31, 2015, 2014 and 2013, were approximately $951,000, $1.1 million and $870,000, respectively.

Note 21: Stock Compensation Plans

The Company established the 2003 Stock Option and Incentive Plan (the "2003 Plan") for employees and directors of the Company and its subsidiaries. Under the plan, stock options or other awards could be granted with respect to 598,224 shares of common stock. On May 15, 2013, the Company's stockholders approved the Great Southern Bancorp, Inc. 2013 Equity Incentive Plan (the "2013 Plan"). Upon the stockholders' approval of the 2013 Plan, the Company's 2003 Plan was frozen. As a result, no new stock options or other awards may be granted under the 2003 Plan; however, existing outstanding awards under the 2003 Plan were not affected. At December 31, 2015, 265,182 options were outstanding under the 2003 Plan.

The 2013 Plan provides for the grant from time to time to directors, emeritus directors, officers, employees and advisory directors of stock options, stock appreciation rights and restricted stock awards. The number of shares of Common Stock available for awards under the 2013 Plan is 700,000, all of which may be utilized for stock options and stock appreciation rights and no more than 100,000 of which may be utilized for restricted stock awards. At December 31, 2015, 368,550 options were outstanding under the 2013 Plan.

Stock options may be either incentive stock options or nonqualified stock options, and the option price must be at least equal to the fair value of the Company's common stock on the date of grant. Options generally are granted for a 10-year term and generally become exercisable in four cumulative annual installments of 25% commencing two years from the date of grant. The Stock Option Committee may accelerate a participant's right to purchase shares under the plan.

Stock awards may be granted to key officers and employees upon terms and conditions determined solely at the discretion of the Stock Option Committee.

The table below summarizes transactions under the Company's stock option plans:

	Available to Grant	Shares Under Option	Weighted Average Exercise Price
Balance, January 1, 2013	326,622	733,292	$ 24.227
Granted from 2003 plan	(3,100)	3,100	23.957
Exercised	—	(106,367)	19.687
Forfeited from terminated plan(s)	46,818	(46,818)	27.202
Termination of 2003 Plan	(370,340)	—	
	—	583,207	
Available to grant from 2013 Plan	700,000	—	
Granted from 2013 Plan	(116,500)	116,500	29.515
Balance, December 31, 2013	583,500	699,707	25.597
Granted from 2013 plan	(147,400)	147,400	32.450
Exercised	—	(153,287)	27.088
Forfeited from terminated plan(s)	—	(22,022)	27.387
Forfeited from current plan(s)	10,700	(10,700)	30.204
Balance, December 31, 2014	446,800	661,098	26.560
Granted from 2013 Plan	(129,350)	129,350	49.199
Exercised	—	(134,263)	25.403
Forfeited from terminated plan(s)	—	(8,453)	24.941
Forfeited from current plan(s)	14,000	(14,000)	33.389
Balance, December 31, 2015	331,450	633,732	$ 31.297

The Company's stock option grants contain terms that provide for a graded vesting schedule whereby portions of the options vest in increments over the requisite service period. These options typically vest one-fourth at the end of years two, three, four and five from the grant date. As provided for under FASB ASC 718, the Company has elected to recognize compensation expense for options with graded vesting schedules on a straight-line basis over the requisite service period for the entire option grant. In addition, ASC 718 requires companies to recognize compensation expense based on the estimated number of stock options for which service is expected to be rendered. The Company's historical forfeitures of its share-based awards have not been material.

The fair value of each option award is estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions for the years ended December 31, 2015, 2014 and 2013:

	2015	2014	2013
Expected dividends per share	$0.88	$0.80	$0.72
Risk-free interest rate	1.66%	1.40%	1.53%
Expected life of options	5 years	5 years	5 years
Expected volatility	24.42%	18.95%	24.80%
Weighted average fair value of options granted during year	$9.59	$4.20	$5.22

Expected volatilities are based on the historical volatility of the Company's stock, based on the monthly closing stock price. The expected term of options granted is based on actual historical exercise behavior of all employees and directors and approximates the graded vesting period of the options. Expected dividends are based on the annualized dividends declared at the time of the option grant. The risk-free interest rate is based on the five-year treasury rate on the grant date of the options.

The following table presents the activity related to options under all plans for the year ended December 31, 2015:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Options outstanding, January 1, 2015	661,098	$26.560	6.72 years
Granted	129,350	49.199	
Exercised	(134,263)	25.403	
Forfeited	(22,453)	30.208	
Options outstanding, December 31, 2015	633,732	31.297	7.22 years
Options exercisable, December 31, 2015	221,568	23.518	4.72 years

For the years ended December 31, 2015, 2014 and 2013, options granted were 129,350, 147,400, and 119,600, respectively. The total intrinsic value (amount by which the fair value of the underlying stock exceeds the exercise price of an option on exercise date) of options exercised during the years ended December 31, 2015, 2014 and 2013, was $2.3 million, $932,000 and $858,000, respectively. Cash received from the exercise of options for the years ended December 31, 2015, 2014 and 2013, was $3.4 million, $2.4 million and $1.2 million, respectively. The actual tax benefit realized for the tax deductions from option exercises totaled $2.1 million, $858,000 and $764,000 for the years ended December 31, 2015, 2014 and 2013, respectively.

The following table presents the activity related to nonvested options under all plans for the year ended December 31, 2015.

	Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Nonvested options, January 1, 2015	390,047	$28.148	$4.480
Granted	129,350	49.199	9.586
Vested this period	(87,349)	24.299	4.591
Nonvested options forfeited	(19,884)	30.051	4.946
Nonvested options, December 31, 2015	412,164	35.479	6.039

At December 31, 2015, there was $2.3 million of total unrecognized compensation cost related to nonvested options granted under the Company's plans. This compensation cost is expected to be recognized through 2020, with the majority of this expense recognized in 2016 and 2017.

The following table further summarizes information about stock options outstanding at December 31, 2015:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Term	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$8.360 to $19.530	80,449	5.50 years	$17.834	57,639	$17.281
$21.320 to $24.820	129,593	6.02 years	23.694	82,473	23.094
$25.480 to $29.860	138,770	6.55 years	28.632	57,586	27.408
$30.660 to $39.050	169,570	7.69 years	32.628	23,870	30.660
$41.500 to $50.710	115,350	9.88 years	50.478	—	—
	633,732	7.22 years	31.297	221,568	23.518

Note 22: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Estimates related to the allowance for loan losses are reflected in *Note 3*. Estimates used in valuing acquired loans, loss sharing agreements and FDIC indemnification assets and in continuing to monitor related cash flows of acquired loans are discussed in *Note 4*. Current vulnerabilities due to certain concentrations of credit risk are discussed in the footnotes on loans, deposits and on commitments and credit risk.

Other significant estimates not discussed in those footnotes include valuations of foreclosed assets held for sale. The carrying value of foreclosed assets reflects management's best estimate of the amount to be realized from the sales of the assets. While the estimate is generally based on a valuation by an independent appraiser or recent sales of similar properties, the amount that the Company realizes from the sales of the assets could differ materially in the near term from the carrying value reflected in these financial statements.

Note 23: Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income (AOCI), included in stockholders' equity, are as follows:

	2015	2014
	(In Thousands)	
Net unrealized gain on available-for-sale securities	$ 9,282	$ 11,129
Net unrealized loss on derivatives used for cash flow hedges	(391)	(304)
	8,891	10,825
Tax effect	(3,227)	(3,789)
Net-of-tax amount	$ 5,664	$ 7,036

Amounts reclassified from AOCI and the affected line items in the statements of income during the years ended December 31, 2015, 2014 and 2013, were as follows:

	Amounts Reclassified from AOCI			Affected Line Item in the Statements of Income
	2015	2014	2013	
	(In Thousands)			
Unrealized gains on available-for-sale securities	$ 2	$ 2,139	$ 243	Net realized gains on available-for-sale securities (total reclassified amount before tax) Total reclassified amount before tax
Income taxes	(1)	(749)	(85)	Tax (expense) benefit
Total reclassifications out of AOCI	$ 1	$ 1,390	$ 158	

Note 24: Regulatory Matters

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can result in certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct and material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of the Company's and the Bank's assets, liabilities and certain off-balance-sheet items as calculated under U.S. GAAP, regulatory reporting practices, and regulatory capital standards. The Company's and the Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulatory reporting standards to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below as of December 31, 2015) of Total and Tier I Capital (as defined) to risk-weighted assets (as defined), of Tier I Capital (as defined) to adjusted tangible assets (as defined) and of Common Equity Tier 1 Capital (as defined) to risk-weighted assets (as defined). Management believes, as of December 31, 2015, that the Bank met all capital adequacy requirements to which it was then subject.

As of December 31, 2015, the most recent notification from the Bank's regulators categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized as of December 31, 2015, the Bank must have maintained minimum Total capital, Tier I capital, Tier 1 Leverage capital and Common Equity Tier 1 capital ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Company's and the Bank's actual capital amounts and ratios are presented in the following table. No amount was deducted from capital for interest-rate risk.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars In Thousands)					
As of December 31, 2015						
Total capital						
Great Southern Bancorp, Inc.	$452,637	12.6%	≥ $288,279	≥ 8.0%	N/A	N/A
Great Southern Bank	$434,334	12.1%	≥ $288,180	≥ 8.0%	≥ $360,225	≥ 10.0%
Tier I capital						
Great Southern Bancorp, Inc.	$414,488	11.5%	≥ $216,209	≥ 6.0%	N/A	N/A
Great Southern Bank	$396,185	11.0%	≥ $216,135	≥ 6.0%	≥ $288,180	≥ 8.0%
Tier I leverage capital						
Great Southern Bancorp, Inc.	$414,488	10.2%	≥ $162,576	≥ 4.0%	N/A	N/A
Great Southern Bank	$396,185	9.8%	≥ $161,986	≥ 4.0%	≥ $202,482	≥ 5.0%
Common equity Tier I capital						
Great Southern Bancorp, Inc.	$389,460	10.8%	≥ $162,157	≥ 4.5%	N/A	N/A
Great Southern Bank	$396,157	11.0%	≥ $162,101	≥ 4.5%	≥ $234,146	≥ 6.5%
As of December 31, 2014						
Total risk-based capital						
Great Southern Bancorp, Inc.	$473,689	14.5%	≥ $261,062	≥ 8.0%	N/A	N/A
Great Southern Bank	$410,291	12.6%	≥ $260,919	≥ 8.0%	≥ $326,149	≥ 10.0%
Tier I risk-based capital						
Great Southern Bancorp, Inc.	$435,254	13.3%	≥ $130,531	≥ 4.0%	N/A	N/A
Great Southern Bank	$371,856	11.4%	≥ $130,459	≥ 4.0%	≥ $195,689	≥ 6.0%
Tier I leverage capital						
Great Southern Bancorp, Inc.	$435,254	11.1%	≥ $156,395	≥ 4.0%	N/A	N/A
Great Southern Bank	$371,856	9.5%	≥ $156,197	≥ 4.0%	≥ $195,247	≥ 5.0%

The Company and the Bank are subject to certain restrictions on the amount of dividends that may be declared without prior regulatory approval. At December 31, 2015 and 2014, the Company and the Bank exceeded their minimum capital requirements then in effect. The entities may not pay dividends which would reduce capital below the minimum requirements shown above.

Note 25: Litigation Matters

In the normal course of business, the Company and its subsidiaries are subject to pending and threatened legal actions, some of which seek substantial relief or damages. While the ultimate outcome of such legal proceedings cannot be predicted with certainty, after reviewing pending and threatened litigation with counsel, management believes at this time that, except as noted below, the outcome of such litigation will not have a material adverse effect on the Company's business, financial condition or results of operations.

On November 22, 2010, a suit was filed against the Bank in the Circuit Court of Greene County, Missouri by a customer alleging that the fees associated with the Bank's automated overdraft program in connection with its debit cards and ATM cards constitute unlawful interest in violation of Missouri's usury laws. The Court has certified a class of Bank customers who have paid overdraft fees on their checking accounts pursuant to the Bank's automated overdraft program. The Bank intends to contest this case vigorously. At this stage of the litigation, it is not possible for management of the Bank to determine the probability of a material adverse outcome or reasonably estimate the amount of any potential loss.

Note 26: Summary of Unaudited Quarterly Operating Results

Following is a summary of unaudited quarterly operating results for the years 2015, 2014 and 2013:

	2015 Three Months Ended			
	March 31	June 30	September 30	December 31
	(In Thousands, Except Per Share Data)			
Interest income	$ 47,906	$ 45,734	$ 45,755	$ 44,956
Interest expense	3,781	3,725	4,230	4,261
Provision for loan losses	1,300	1,300	1,703	1,216
Net realized gains (losses) and impairment on available-for-sale securities	—	—	2	—
Noninterest income	(56)	3,457	5,120	5,060
Noninterest expense	27,242	27,949	30,014	29,145
Provision (credit) for income taxes	3,874	4,214	3,732	3,744
Net income	11,653	12,003	11,196	11,650
Net income available to common shareholders	11,508	11,858	11,051	11,531
Earnings per common share – diluted	0.83	0.85	0.79	0.81

	2014			
	Three Months Ended			
	March 31	June 30	September 30	December 31
	(In Thousands, Except Per Share Data)			
Interest income	$ 42,294	$ 44,384	$ 47,607	$ 49,077
Interest expense	4,328	4,413	3,501	3,559
Provision for loan losses	1,691	1,462	945	53
Net realized gains (losses) and impairment on available-for-sale securities	73	569	321	1,176
Noninterest income	924	10,631	1,778	1,398
Noninterest expense	25,894	34,399	29,398	31,168
Provision (credit) for income taxes	2,487	3,687	3,951	3,628
Net income from continuing operations	8,818	11,054	11,590	12,067
Discontinued operations	—	—	—	—
Net income	8,818	11,054	11,590	12,067
Net income available to common shareholders	8,673	10,909	11,445	11,923
Earnings per common share – diluted	0.63	0.79	0.83	0.86

	2013			
	Three Months Ended			
	March 31	June 30	September 30	December 31
	(In Thousands, Except Per Share Data)			
Interest income	$ 47,356	$ 43,481	$ 43,019	$ 44,939
Interest expense	5,224	4,980	4,555	4,444
Provision for loan losses	8,225	3,671	2,677	2,813
Net realized gains (losses) and impairment on available-for-sale securities	34	97	110	2
Noninterest income	2,924	2,327	929	(865)
Noninterest expense	25,920	26,712	26,156	26,830
Provision (credit) for income taxes	2,517	2,221	2,121	1,315
Net income from continuing operations	8,394	8,224	8,439	8,672
Discontinued operations	—	—	—	—
Net income	8,394	8,224	8,439	8,672
Net income available to common shareholders	8,249	8,079	8,294	8,528
Earnings per common share – diluted	0.60	0.59	0.61	0.62

Note 27: Condensed Parent Company Statements

The condensed statements of financial condition at December 31, 2015 and 2014, and statements of income, comprehensive income and cash flows for the years ended December 31, 2015, 2014 and 2013, for the parent company, Great Southern Bancorp, Inc., were as follows:

	December 31,	
	2015	2014
	(In Thousands)	
Statements of Financial Condition		
Assets		
Cash	$ 20,009	$ 64,836
Available-for-sale securities	3,830	3,154
Investment in subsidiary bank	403,174	385,046
Prepaid expenses and other assets	1,335	1,466
	$ 428,348	$ 454,502
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	$ 3,403	$ 3,126
Deferred income taxes	944	702
Subordinated debentures issued to capital trust	25,774	30,929
Preferred stock	—	57,943
Common stock	139	138
Additional paid-in capital	24,371	22,345
Retained earnings	368,053	332,283
Accumulated other comprehensive income	5,664	7,036
	$ 428,348	$ 454,502

	2015	2014	2013
		(In Thousands)	
Statements of Income			
Income			
Dividends from subsidiary bank	$ 27,000	$ 36,000	$ 24,000
Interest and dividend income	5	22	20
Gain on redemption of trust preferred securities and sale of non-marketable securities	1,416	—	—
Other income (loss)	(7)	(20)	13
	28,414	36,002	24,033
Expense			
Operating expenses	1,139	1,198	1,132
Interest expense	714	567	560
	1,853	1,765	1,692
Income before income tax and equity in undistributed earnings of subsidiaries	26,561	34,237	22,341
Credit for income taxes	(91)	(388)	(365)
Income before equity in earnings of subsidiaries	26,652	34,625	22,706
Equity in undistributed earnings of subsidiaries	19,850	8,904	11,023
Net income	$ 46,502	$ 43,529	$ 33,729

	2015	2014	2013
		(In Thousands)	
Statements of Cash Flows			
Operating Activities			
Net income	$ 46,502	$ 43,529	$ 33,729
Items not requiring (providing) cash			
Equity in undistributed earnings of subsidiary	(19,850)	(8,904)	(11,023)
Compensation expense for stock option grants	382	565	443
Net realized gains on redemption of trust preferred securities	(1,115)	—	—
Net realized gains on sales of non-marketable securities	(301)	—	—
Amortization of interest rate derivative	204	19	—
Changes in			
Prepaid expenses and other assets	(27)	(3)	4
Accounts payable and accrued expenses	63	(67)	(146)
Income taxes	55	43	1
Net cash provided by operating activities	25,913	35,182	23,008
Investing Activities			
(Investment)/Return of principal - other investments	16	20	(13)
Net cash provided by (used in) investing activities	16	20	(13)
Financing Activities			
Purchase of interest rate derivative	—	—	(738)
Redemption of preferred stock	(57,943)	—	—
Redemption of trust preferred securities	(3,885)	—	—
Purchases of the Company's common stock	—	(512)	—
Dividends paid	(12,290)	(11,257)	(7,964)
Stock options exercised	3,362	2,438	1,242
Net cash used in financing activities	(70,756)	(9,331)	(7,460)
Increase (Decrease) in Cash	(44,827)	25,871	15,535
Cash, Beginning of Year	64,836	38,965	23,430
Cash, End of Year	$ 20,009	$ 64,836	$ 38,965
Additional Cash Payment Information			
Interest paid	$ 730	$ 570	$ 565

	2015	2014	2013
		(In Thousands)	
Statements of Comprehensive Income			
Net Income	$ 46,502	$ 43,529	$ 33,729
Unrealized appreciation on available-for-sale securities, net of taxes of $273, $100 and $302, for 2015, 2014 and 2013, respectively	400	185	561
Change in fair value of cash flow hedge, net of taxes (credit) of $(34), $(88) and $(19) for 2015, 2014 and 2013, respectively	(50)	(164)	(34)
Comprehensive income (loss) of subsidiaries	(1,722)	4,553	(14,715)
Comprehensive Income	$ 45,130	$ 48,103	$ 19,541

Note 28: Preferred Stock

On August 18, 2011, the Company entered into a Small Business Lending Fund-Securities Purchase Agreement (the "SBLF Purchase Agreement") with the Secretary of the Treasury, pursuant to which the Company sold 57,943 shares of the Company's Senior Non-Cumulative Perpetual Preferred Stock, Series A (the "SBLF Preferred Stock") to the Secretary of the Treasury for a purchase price of $57.9 million. The SBLF Preferred Stock was issued pursuant to Treasury's SBLF program, a $30 billion fund established under the Small Business Jobs Act of 2010 that was created to encourage lending to small businesses by providing Tier 1 capital to qualified community banks and holding companies with assets of less than $10 billion. As required by the SBLF Purchase Agreement, the proceeds from the sale of the SBLF Preferred Stock were used in connection with the redemption of all 58,000 shares of the Company's preferred stock, issued to Treasury in December 2008 pursuant to Treasury's TARP Capital Purchase Program (the "CPP Preferred Stock"). The shares of CPP Preferred Stock were redeemed at their liquidation amount of $1,000 per share plus the accrued but unpaid dividends to the redemption date.

The SBLF Preferred Stock qualified as Tier 1 capital. The holders of SBLF Preferred Stock were entitled to receive noncumulative dividends, payable quarterly, on each January 1, April 1, July 1 and October 1. The dividend rate, as a percentage of the liquidation amount, could fluctuate between one percent (1%) and five percent (5%) per annum on a quarterly basis during the first 10 quarters during which the SBLF Preferred Stock was outstanding, based upon changes in the level of "Qualified Small Business Lending" or "QSBL" (as defined in the SBLF Purchase Agreement) by the Bank over the adjusted baseline level calculated under the terms of the SBLF Preferred Stock $(249.7 million). Based upon the increase in the Bank's level of QSBL over the adjusted baseline level, the dividend rate had been 1.0%. For the tenth calendar quarter through four and

one-half years after issuance, the dividend rate was fixed at between one percent (1%) and seven percent (7%) based upon the level of qualifying loans. The Company's dividend rate was 1.0% during 2015, and was expected to remain at 1% until four and one half years after the issuance, which is March 2016. After four and one half years from issuance, the dividend rate would have increased to 9% (including a quarterly lending incentive fee of 0.5%).

On December 15, 2015, the Company (with the approval of its federal banking regulator) redeemed all 57,943 shares of the SBLF Preferred Stock at their liquidation amount of $1,000 per share plus accrued but unpaid dividends to the redemption date. The redemption of the SBLF Preferred Stock was completed using internally available funds.

Note 29: Consolidation of Banking Centers

On September 24, 2015, the Company announced plans to consolidate operations of 16 banking centers into other nearby Great Southern banking center locations. As part of an ongoing performance review of its entire banking center network, Great Southern evaluated each location for a number of criteria, including access and availability of services to affected customers, the proximity of other Great Southern banking centers, profitability and transaction volumes, and market dynamics. This review culminated in the approval of the consolidation of these banking centers by the Great Southern Board of Directors. Subsequent to this announcement, the Bank entered into separate definitive agreements to sell two of the 16 banking centers, including all of the associated deposits (totaling approximately $20 million), to separate bank purchasers. The sale of one of the banking centers was completed on February 19, 2016 and the sale of the other banking center is expected to be completed on or around March 18, 2016. The closing of the remaining 14 facilities, which resulted in the transfer of approximately $127 million in deposits and banking center operations to other Great Southern locations, occurred at the close of business on January 8, 2016.

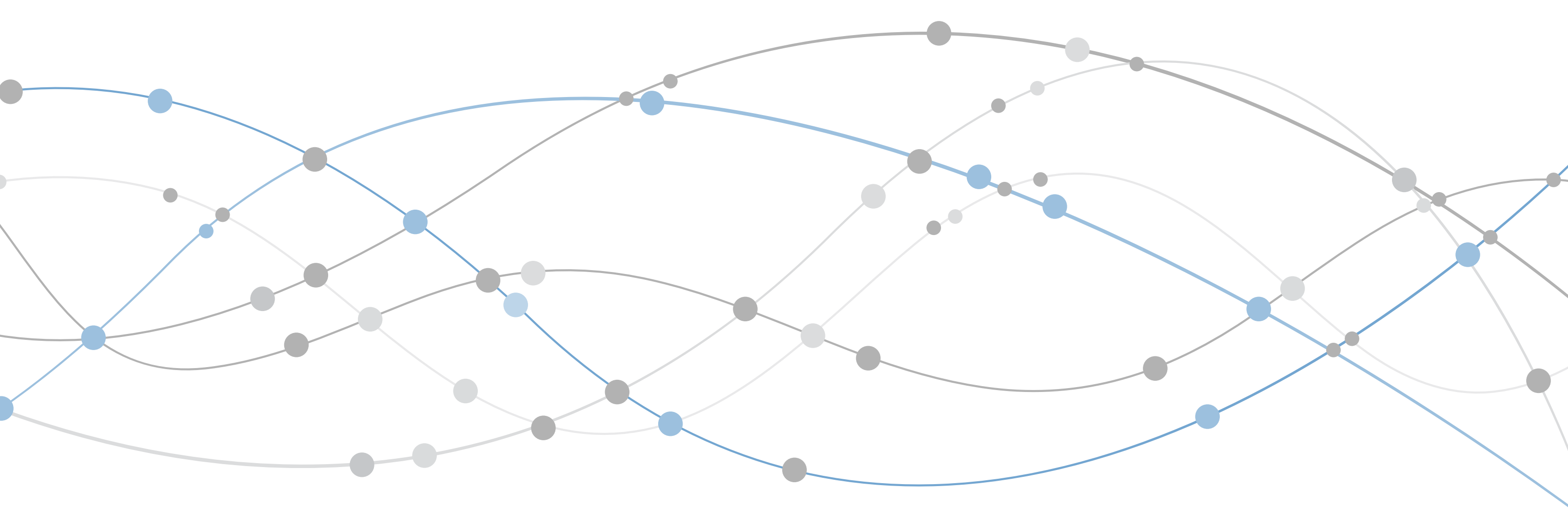
Note 30: Acquisition of Loans, Deposits and Branches

On September 30, 2015, the Company announced that it entered into a purchase and assumption agreement to acquire 12 branches and related deposits and loans in the St. Louis, Mo., area from Cincinnati-based Fifth Third Bank. The acquisition was completed at the close of business on January 29, 2016.

The deposits assumed totaled approximately $228 million and had a weighted average rate of approximately 0.28%, the composition of which was: demand deposits and NOW accounts – 42%; money market accounts – 40%; and time deposits and IRAs – 18%.

The loans acquired totaled approximately $159 million and had a weighted average yield of approximately 3.92%, the composition of which was: one- to four-family residential – 75%; commercial real estate – 8%; home equity lines – 10%; commercial business – 5%; and consumer and other – 2%. The one- to four-family residential loans are primarily loans made to professional

individuals in the St. Louis market, such as doctors and persons working in the field of medicine. Approximately 55% of the total balance of these loans have fixed rates of interest for varying terms up to 30 years. Approximately 45% of the total balance of these loans have rates of interest that are fixed for varying terms (generally three to seven years), with rates that adjust annually thereafter.



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